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SECTION B
SUPPLIES OR SERVICES AND PRICES/COSTS

ITEM	DESCRIPTION	UNIT	AMOUNT
THREE YEAR FIRM CONTRACT PERIOD Period Of Performance: 08 May 2000 - 07 Nov 2003			
CLINS 0001 THROUGH 0024: OUTBOUND CONUS TO PORT OF PRAIA AZORES FROM THE FOLLOWING POINTS			
0001	DAYVILLE, CT		
0001AA	40' & over (Dry)	CONT	\$5748.00
0001AB	Under 40' (Dry)	CONT	\$3475.00
0002	COLLEGE POINT, NY		
0002AA	40' & Over (Dry)	CONT	\$5558.00
0002AB	Under 40' (Dry)	CONT	\$3285.00
0003	RESERVED		
0004	NEW YORK (ZONE 2)		
	This zone shall include places within the New York Commercial Zone, including but not limited to Piscataway, NJ and S. Plainfield, NJ, and as defined by the Surface Transportation Board 49 CFR Section 1048.18, except those places defined as New York Port Area, Zone 1.		
0004AA	40' & Over (Dry)	CONT	\$5358.00
0004AB	Under 40' (Dry)	CONT	\$3085.00
0004AC	40' & Over Refrigerated	CONT	\$7158.00
0005	HARRISBURG GROUP		
	The Harrisburg Group shall include the points of Harrisburg, PA; Mechanicsburg; and New Cumberland, PA.		
0005AA	40' & Over (Dry)	CONT	\$5148.00
0005AB	Under 40' (Dry)	CONT	\$2875.00

ITEM	DESCRIPTION	UNIT	AMOUNT
0006	BALTIMORE, MD		
0006AA	40' & Over (Dry)	CONT	\$5003.00
0006AB	Under 40' (Dry)	CONT	\$2730.00
0007	NORFOLK PORT AREA (ZONE 1)		
	This Zone shall include places south of the James River Estuary within the Norfolk Commercial Zone, including Norfolk and Portsmouth.		
0007AA	40' & Over (Dry)	CONT	\$4638.00
0007AB	Under 40' (Dry)	CONT	\$2365.00
0007AC	40' & Over Refrigerated	CONT	\$6458.00
0007AD	Vehicles	MT	\$ 221.00
0008	NORFOLK PORT AREA (ZONE 2)		
	This Zone shall include places north of the James River Estuary in the Norfolk Commercial Zone, including Hampton Roads, Newport News and Williamsburg.		
0008AA	40' & Over (Dry)	CONT	\$4683.00
0008AB	Under 40' (Dry)	CONT	\$2410.00
0008AC	40' & Over Refrigerated	CONT	\$6483.00
0008AD	Vehicles	MT	\$ 226.00
0009	EDEN, NC		
0009AA	Under 40' (Dry)	CONT	\$2500.00
0010	CHARLESTON, SC		
0010AA	40' & Over (Dry)	CONT	\$5348.00
0010AB	Under 40' (Dry)	CONT	\$3075.00
0010AC	Breakbulk Cargo	MT	\$ 155.00
0010AD	Vehicles	MT	\$ 250.00
0011	ATLANTA, GA		
0011AA	40' & Over (Dry)	CONT	\$5648.00
0011AB	Under 40' (Dry)	CONT	\$3375.00
0011AC	Vehicles	MT	\$ 265.00
0012	COLLEGE PARK, GA		
0012AA	Under 40' (Dry)	CONT	\$3400.00

ITEM	DESCRIPTION	UNIT	AMOUNT
0013	FOREST PARK, GA		
0013AA	40' & Over (Dry)	CONT	\$5653.00
0013AB	Under 40' (Dry)	CONT	\$3380.00
0014	JACKSONVILLE, FL		
0014AA	40' & Over (Dry)	CONT	\$5668.00
0014AB	Under 40' (Dry)	CONT	\$3395.00
0014AC	Vehicles	MT	\$ 267.00
0015	BURLINGTON, NJ		
0015AA	40' & Over (Dry)	CONT	\$5218.00
0015AB	Under 40' (Dry)	CONT	\$2945.00
0016	PHILADELPHIA, PA		
0016AA	40' & Over Refrigerated	CONT	\$6963.00
0016AB	Vehicles	MT	\$ 160.00
0017	CARRIER'S TERMINAL (EAST COAST PORT OF CARRIER'S CHOICE)		
0017AA	Breakbulk Cargo	MT	\$ 130.00
0017AB	40' & Over (Dry)	CONT	\$4548.00
0017AC	Under 40' (Dry)	CONT	\$2275.00
0017AD	40' & Over Refrigerated	CONT	\$6348.00
0017AE	Vehicles	MT	\$ 212.00
0018	VALDOSTA, GA		
0018AA	40' & Over (Dry)	CONT	\$5793.00
0018AB	40' & Over Refrigerated	CONT	\$7593.00
0019	POCOMOKE, MD		
0019AA	40' & Over (Dry)	CONT	\$4888.00
0019AB	40' & Over Refrigerated	CONT	\$6688.00
0019AC	40' & Under Refrigerated	CONT	\$4415.00
0020	CARTERET, NJ		
0020AA	40' & Over (Dry)	CONT	\$5313.00
0020AB	40' & Over Refrigerated	CONT	\$7113.00
0020AC	Under 40' (Dry)	CONT	\$3040.00
0021	CINCINATTI, OH		
0021AA	40' & Over (Dry)	CONT	\$5728.00
0021AB	Under 40' (Dry)	CONT	\$3455.00

ITEM	DESCRIPTION	UNIT	AMOUNT
0022	EAST LONGMEADOW, MA		
0022AA	40' & Over (Dry)	CONT	\$5658.00
0022AB	Under 40' (Dry)	CONT	\$3385.00
0023	NEWPORT NEWS, VA		
0023AA	40' & Over (Dry)	CONT	\$4683.00
0023AB	Under 40' (Dry)	CONT	\$2410.00
0023AC	Vehicles	MT	\$ 219.00
0024	TACOMA, WA		
0024AA	40' & Over (Dry)	CONT	\$7048.00
0024AB	Under 40' (Dry)	CONT	\$4475.00
0024AC	Vehicles	MT	\$ 412.00
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CLINS 1001 THROUGH 1006: INBOUND FROM PORT OF PRAIA, AZORES TO THE FOLLOWING CONUS POINTS			
1001	RESERVED		
1002	BALTIMORE, MD		
1002AA	40' & Over (Dry)	CONT	\$4998.00
1002AB	Under 40' (Dry)	CONT	\$2725.00
1003	NORFOLK PORT AREA (ZONE 1)		
1003AA	40' & Over (Dry)	CONT	\$4603.00
1003AB	Under 40' (Dry)	CONT	\$2330.00
1003AC	Under 40' (Dry Recycle Material)	CONT	\$2330.00
1003AD	Under 40' Tank	CONT	\$2405.00
1004	NORFOLK PORT AREA (ZONE 2)		
1004AA	40' & Over (Dry)	CONT	\$4678.00
1004AB	Under 40' (Dry)	CONT	\$2405.00
1004AC	Under 40' Tank	CONT	\$2405.00
1005	CHARLESTON, SC		
1005AA	40' & Over (Dry)	CONT	\$5348.00
1005AB	Under 40' (Dry)	CONT	\$3075.00
1006	NORFOLK, VA (CARRIER'S TERMINAL)		
1006AA	40' & Over (Dry)	CONT	\$4548.00
1006AB	Under 40' (Dry)	CONT	\$2275.00
1006AC	40' & Over Hazardous Waste Material	CONT	\$6000.00
1006AD	Under 40' Hazardous Waste Material	CONT	\$3200.00
1006AE	Breakbulk Cargo	MT	\$ 130.00
1006AF	Vehicles	MT	\$ 212.00

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>UNIT</u>	<u>AMOUNT</u>
CLINS 2001 THROUGH 2003: ACESSORIAL CHARGES			
2001	PORT OF NEWPORT NEWS, INTERMODAL CONCEPTS TERMINAL		
2001AA	Wharfage Cargo NOS	ST	\$ 2.00
2001AB	Wharfage Containers	ST	\$ 2.00
2001AC	Breakbulk Handling per vehicle	VEH	\$ 20.00
2002	FLATRACK SURCHARGE		
2002AA	40' & Over Lump Sum	CONT	\$ 400.00
2002AB	Under 40' Lump Sum	CONT	\$ 400.00
2003	CONTROLLED ATMOSPHERE		
2003AA	Lump Sum	CONT	\$1000.00

MILEAGE RATES: Items 2004-2032 are for Mileage rates in CONUS and apply for the Three Year firm contract period.

<u>CLIN</u>	<u>ITEM DESCRIPTION</u>	<u>CHARGE</u>
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40 FOOT AND OVER

2004A	Less than 25 miles	\$ 0.00
2005A	26 to 35 miles	\$ 5.95
2006A	36 to 45 miles	\$ 4.81
2007A	46 to 55 miles	\$ 4.48
2008A	56 to 75 miles	\$ 3.87
2009A	76 to 125 miles	\$ 3.33
2010A	126 to 175 miles	\$ 2.69
2011A	176 to 200 miles	\$ 2.03
2012A	201 to 250 miles	\$ 1.85
2013A	251 to 300 miles	\$ 1.73
2014A	301 to 350 miles	\$ 1.59
2215A	351 to 400 miles	\$ 1.50
2016A	401 to 450 miles	\$ 1.49
2017A	451 to 500 miles	\$ 1.43
2018A	501 to 600 miles	\$ 1.40
2019A	601 to 750 miles	\$ 1.39
2020A	751 to 900 miles	\$ 1.38
2021A	901 to 1050 miles	\$ 1.37
2022A	1051 to 1200 miles	\$ 1.35
2023A	1201 to 1350 miles	\$ 1.34
2024A	1351 to 1500 miles	\$ 1.27
2025A	1501 to 1750 miles	\$ 1.16
2026A	1751 to 2000 miles	\$ 1.04
2027A	2001 to 2250 miles	\$ 1.00
2028A	2251 to 2500 miles	\$ 0.98
2029A	2501 to 2750 miles	\$ 0.94
2030A	2751 to 3000 miles	\$ 0.82
2031A	3001 to 3250 miles	\$ 0.77
2232A	3251 to 3500 miles	\$ 0.71

CLIN	ITEM DESCRIPTION	CHARGE
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UNDER 40 FOOT

2004B	Less than 25 miles	\$ 0.00
2005B	26 to 35 miles	\$ 5.94
2006B	36 to 45 miles	\$ 4.81
2007B	46 to 55 miles	\$ 4.47
2008B	56 to 75 miles	\$ 4.10
2009B	76 to 125 miles	\$ 3.33
2010B	126 to 175 miles	\$ 2.68
2011B	176 to 200 miles	\$ 2.03
2012B	201 to 250 miles	\$ 1.85
2013B	251 to 300 miles	\$ 1.73
2014B	301 to 350 miles	\$ 1.59
2015B	351 to 400 miles	\$ 1.50
2216B	401 to 450 miles	\$ 1.43
2017B	451 to 500 miles	\$ 1.40
2018B	501 to 600 miles	\$ 1.39
2019B	601 to 750 miles	\$ 1.38
2020B	751 to 900 miles	\$ 1.37
2021B	901 to 1050 miles	\$ 1.19
2022B	1051 to 1200 miles	\$ 1.14
2023B	1201 to 1350 miles	\$ 1.11
2024B	1351 to 1500 miles	\$ 1.08
2025B	1501 to 1750 miles	\$ 1.03
2026B	1751 to 2000 miles	\$ 0.89
2027B	2001 to 2250 miles	\$ 0.81
2228B	2251 to 2500 miles	\$ 0.76
2029B	2501 to 2750 miles	\$ 0.72
2030B	2751 to 3000 miles	\$ 0.68
2031B	3001 to 3250 miles	\$ 0.65
2032B	3251 to 3500 miles	\$ 0.63

CLIN's 2004 through 2032 provide rates by mileage band category (computed by using the mileage calculated in the Household Movers Guide, 3 digit Zip Code Guide) for linehaul/drayage between point and port locations. These rates are stated as a rate per one way miles by container size and are only to be used in those instances where no specific port or point rate exists. Use of the mileage rates for any linehaul point not specifically designated is conditioned on its application for no longer than 60 calendar days for drayage/linehaul to/from any location not specifically identified in Schedule B. However, should the requirement from the inland location continue beyond 60 calendar days, an ongoing rate shall be negotiated for such point and port location pursuant to the Changes Clause provided herein.

END OF SECTION B

SECTION C
DESCRIPTION/SPECS./WORK STATEMENT

SECTION C - DESCRIPTION/SPECIFICATION/WORK STATEMENT

C.1 GENERAL

C.1.1 Transportation Services

C.1.1.1 Basic Service The Contractor, a vessel operating ocean Carrier, shall provide transportation of lawful cargo by U.S. flag ships between points in the Continental United States of America (CONUS) as specified in Section B and the commercial terminal in Port of Praia, Azores. The Carrier shall maintain regularly scheduled liner term service on this route throughout the period of the Contract via a self-sustaining or self geared vessel(s). The Carrier shall provide both breakbulk and intermodal container service, including terminal handling, all stevedoring, loading and discharging in CONUS. At Port of Praia the designated U.S. Government contractor shall provide all port handling and stevedoring unless the Government directs the Carrier to implement such services as specified at Section C. The minimum acceptable frequency of service shall be a vessel call at Azores at intervals not to exceed twenty-five (25) days between deliveries. Actual cargo transit time will not exceed twelve (12) days from the last loading port in CONUS to Port of Praia and twelve (12) days from Port of Praia to the first discharge port in CONUS. For inbound cargo, inland cargo delivery transit after port clearance (commencement of delivery) shall not exceed one day for every 300 miles of the shortest road distance from the port of discharge. For outbound cargo, if inland cargo delivery is required by the Government, transit after commencement of delivery shall not exceed three (3) days by the shortest road distance from the port of discharge. The Carrier will carry any and all cargoes offered by the Government up to the capacity of the vessels offered for use in this trade, with the exception of those limitations of the Carrier's obligations specified in Section H.5. The minimum space available to the Government for each outbound (CONUS to Azores) or inbound (Azores to CONUS) sailing shall be no less than 75 - 40' containers, of which 20 spaces must be capable of accepting 40' refrigerated containers; and 2000 square feet of protected breakbulk/vehicle stowage. Each of the 40' spaces offered must be able to accommodate 2 - 20' containers or the vessel(s) must have additional space to accommodate the 20' container shortfall.

C.1.2 Regulatory Compliance. The Contractor shall provide services that comply with such regulations of all Government regulatory bodies having jurisdiction over such services, including local regulations at origin and destination and in-transit. If the contractor fails to meet any obligation imposed by regulations, then any liability resulting from the contractor's non-compliance with these regulations shall be solely the contractor's responsibility.

C.1.3 Cargo. Types of cargo to be carried are military cargo, mail, and any other cargo shipped by the Department of Defense (DoD) in the Defense Transportation System (DTS). All cargo shall be stowed to prevent damage due to exposure to the elements.

C.1.4 Carriage. Cargo will be loaded and discharged at commercial ports in CONUS and at the commercial terminal in the Azores. The Carrier shall furnish all containers/chassis in CONUS and Azores when required. All cargo shall be stowed so that it is protected from damage due to exposure to the elements. Containers with mail and personal property stowed on deck will, to the maximum extent possible, be loaded on the bottom tier if consistent with vessel safety.

C.1.7 SEALIFT READINESS PROGRAM.

In compliance with the U.S. Cargo Preference Act of 1904 (10 U.S.C. 2631), U.S. flag Carriers will be given preference for award of contracts resulting from this solicitation. MTMC recognizes the continuing need for a formalized program for the acquisition of sealift augmentation under less than full mobilization. Enrollment of a Carrier's U.S. flag fleet in an authorized sealift readiness program establishes an award preference for participants under this procurement. The Sealift Readiness Program (SRP), implemented in Fiscal Year (FY) 1970, provided a formal agreement between the U.S. flag ocean Carriers and the Government for the acquisition of ships and related equipment under less than full mobilization. On January 30, 1997, the Secretary of Defense (SECDEF) approved the Voluntary Intermodal Sealift Agreement (VISA) as an alternative to the SRP for the purposes of Section 909 of the Merchant Marine Act of 1936. VISA also satisfied the requirement of Section 653 of the Maritime Security Act (PL 104-239) for an Emergency Preparedness Program approved by the SECDEF.

VISA provides for three, time-phased stages of activation for a contingency. Each stage will be activated, as needed, to support contingency operations. VISA Stages will be activated by United States Transportation Command (USTRANSCOM) with SECDEF approval. Stage I would be implemented at the beginning of a contingency to meet early DoD surge, sustainment, and ammunition movement requirements that could not be met with organic and voluntary capacity. Stage I activation would potentially cause the most immediate and potentially severe disruption to a Carrier's peacetime service. Stage II would be activated with an expectation of less impact on peacetime commercial service when contingency requirements exceed the capability of Stage I plus any additional voluntarily committed resources. Stage III provides for additional capacity to DoD when Stages I and II commitments and volunteered capacity are insufficient to meet contingency requirements, and adequate shipping services from non-Participants are not available through established DoD contracting practices or U.S. Government treaty agreements. Once Stage III is activated, SECDEF will request the Secretary of Transportation (SECTrans) to allocate sealift capacity based on DoD requirements in accordance with Title I of The Defense Production Act of 1950 and implementing regulations.

For contract awards and resultant cargo bookings, VISA participants will receive preference over non-VISA participants. As a condition of such award preference, each Participant in the VISA program must remain in good standing during the entire period of the contract and maintain its level of commitment as detailed on JTMO Form 4280/9. The volume of peacetime cargo offered to the contractor is a function of the contractor's commitment of U.S. flag ocean vessels and intermodal service capacity under the terms and conditions of the VISA which are incorporated herein. A Carrier unable or unwilling to maintain its VISA commitment in terms of specific vessel capacity as reflected in its JTMO FORM 4280/9, Voluntary Enrollment Contract (VECI), must notify the PCO immediately. Upon such notification, the Government reserves the right to negotiate an equitable adjustment or to exercise other contractual remedies as appropriate.

NOTE: The expression "United States Flag Fleet" as U.S. Flag ships and U.S. Flag vessels herein refers only to the dry cargo vessels and tug/barge combinations in the Carrier's United States Fleet.

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C.2 CONTAINER SERVICE

C.2.1 Service.

C.2.1.1 Basic Service The Carrier's basic container service shall consist of furnishing to the government, a clean, dry, empty, odor free, structurally sound container on a chassis at a specific point designated by the Government (within the general locations set forth in

Section B); moving the stuffed container between this point and the Carrier's commercial terminal; receiving and handling the stuffed container at its loading terminal; loading in CONUS; transporting both outbound and inbound containers in the Carrier's vessel; discharging in CONUS; handling the container at the Carrier's receiving terminal, including obtaining Customs clearance; and delivering the container to its inland destination. At the election of the Government and with sixty (60) calendar days advance notice from the OO, the Carrier's container service shall also consist of furnishing to the Government, a clean, dry, empty, odor free, structurally sound container on a chassis at a specific point in the Azores designated by the Government (within the general locations set forth in Section B); moving the stuffed container between this point and the Carrier's commercial terminal at the Port of Praia; and receiving and handling the stuffed container at its loading terminal at the Port of Praia.

C.2.1.2 Partial Service Privately Owned Vehicles (POVs) - CONUS/OCONUS
POVs moving between contractor operated CONUS/OCONUS VPCs and Government operated POV facility. The ocean carrier service shall consist of receiving POV's from the customer or the Government's agent at a specific point designated by the Government (Attachment 7); transport POV's both outbound and inbound; discharging the cargo at its receiving terminal in CONUS or releasing the cargo to Government personnel or agents at Azores terminal; and perform a Joint inspection with the POV carrier prior to the release of the cargo to the contractor by the Government.

C.2.1.3 The booking of POV's with the contractor is premised on the ability of the contractor to achieve the RDD associated with each individual POV. The ability of the contractor to achieve the POV RDD is determined by reference to the Ocean Transit, Inland Delivery and other time periods provided herein concerning the overall movement of cargo from the time it is tendered to the contractor by the government at origin until it is delivered at the designated destination in the booking shipping order. In accepting a POV booking/shipping order, the contractor warrants that it can achieve delivery of the POV by the designated RDD under the terms and conditions of this contract. If the contractor fails to deliver a POV on or before the RDD, the Contracting Officer shall assess \$30.00 damages per diem against the contractor. Damages shall be assessed for each day that the delivery exceeds the RDD, including the day of delivery, up to a maximum period of seven calendar days (maximum contractor liability of \$210.00 per POV). The contractor may be exonerated from this liability only under circumstances constituting Force Majeure or an Excusable Delay (FAR 52.249-8 entitled Default (Fixed Price Supply and Service) Alternate I (APR 84)). The contractor is at all times required to deliver the POV as soon as possible following the conclusion of any Force Majeure or Excusable Delay circumstance. If the failure to achieve delivery by the RDD is partially excused, damages shall be assessed on a pro-rata basis. The contractor bears the burden of establishing exoneration on the basis of any Force Majeure or Excusable Delay circumstance.

C.2.2 Spotting Empty Containers. In CONUS only, the OO shall give the Carrier at least two working days notice where to spot an empty container. The notice will include the following: type and size of container required, the name and address of the shipper, the date, and approximate time (a.m. or p.m.) for spotting the container, which will not be later than five working days prior to the port cut-off date set by the Carrier, and will specify the

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categories of cargo to be stuffed in the container (i.e., General Cargo, Mail/Mail Equipment, Vehicles, or Refrigerated Cargo).

C.2.3 Container Pickup. The Carrier shall pick-up and remove a container from the Government facility as follows:

Stuffed container(s) within one working day; and

Empty container(s) within 72 hours.

Pickup time provisions shall commence at 0800 hours on the day following carrier's receipt of notification that the container is in all respects ready to be transported, unless this requirement is waived by the OO. Time shall not run during Saturdays, Sundays, and locally observed holidays.

C.2.4 Chassis Requirement. Containers delivered to the Government shall be on chassis which shall remain with the containers (while they are in the custody of the Government) unless this requirement is waived by the OO. Chassis provided by the Carrier shall be compatible with Government contractor-furnished tractors unless this requirement is waived by the OO. In Port of Praia, the Contractor must provide a minimum of 30 chassis, or an amount mutually agreed to by the OO or designee, and provide appropriate spreader bars and other container handling equipment to accommodate Government loading and discharging.

C.2.5 Empty Containers. When the Government requires stuffing at a place not set forth in Section B, the Carrier shall make empty containers on chassis available at its terminal. Line-haul from the commercial terminal to the place of stuffing and return of stuffed container to the Carrier's terminal shall be arranged by and performed at the expense of the Government.

C.2.6 INLAND DELIVERY

C.2.6.1 CONUS Basic Service. The Carrier shall contact the consignee to establish a delivery time. Unless delay is requested by the OO, the Carrier, after the discharge of the container from the vessel, will commence inland transportation within one (1) working day of discharge for containers loaded with mail or refrigerated cargo and within two (2) working days of discharge for containers loaded with dry cargo. Vehicles in containers will be delivered within forty-eight (48) hours after the container has been discharged from the vessel. Upon delivery, the Carrier will present the consignee with a delivery receipt designating: warehouse destination, pieces, weight, cube, cargo description, and Transportation Control Number (TCN) for the container.

C.2.6.2 OCONUS. If Carrier inland delivery service is so elected by the Government, the Carrier shall contact the consignee to establish a delivery time. Unless delay is requested by the ACO, the Carrier, after the discharge of the container from the vessel, will commence inland transportation within one (1) working day of discharge for containers loaded with mail or refrigerated cargo and within two (2) working days of discharge for containers loaded with dry cargo. Vehicles in containers will be delivered within forty-eight (48) hours after the container has been discharged from the vessel. Upon delivery, the Carrier will present the consignee with a delivery receipt designating: destination warehouse, pieces, weight, cube, description of cargo, and TCN for the container.

C.2.7 Accessorial Services.

C.2.7.1 RESERVED

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C.2.7.2 Controlled Atmosphere Surcharge. The Carrier's controlled atmosphere service shall consist of furnishing a self contained computerized system capable of monitoring and adjusting the atmosphere in a refrigerated container after the carrier has introduced preservative gases in the container. The system is designed to reduce spoilage and extend shelf life of perishable commodities similar to modified service, but differs by its ability to adjust the air inside the container during transit. The Carrier will be compensated for this service in accordance with the rates set forth in Section B of the contract.

C.2.7.3 Flatrack Surcharge. - The Carrier shall guarantee the Government for each vessel sailing the number of flatracks the Government requires, provided the requirement is given to the carrier by the OO at least two weeks prior to the intended sailing of the Carrier's vessel. The Carrier will be compensated for this service in accordance with the rates set forth in Section B of the contract.

C.2.7.4 Tank Containers. The Carrier shall provide intermodal service for the movement of bulk cargo in tank containers from Azores to the port of Norfolk, VA (Zones 1 & 2). The Carrier will be compensated for this service in accordance with the rates set forth in Section B of the contract.

C.2.7.5 Hazardous Waste Material - Carrier shall provide both 40ft and over and under 40ft empty containers at the Port of Praia for hazardous waste material required to be shipped inbound to CONUS (Newport News, VA). The material may consist of, but is not limited to, antifreeze, soil, asbestos, corrosive liquid and solids, poly-chlorinated biphenyl (PCB)'s, regulated and non-regulated flammables, and oils and lubricants. The Carrier shall provide to designated Government and/or Government contractor personnel access to its port terminal facility to implement CONUS disposal operations. The Carrier will be compensated for this service in accordance with the rates set forth in Section B of the contract.

C.2.8 Refrigerated Containers.

C.2.8.1 General. Self-sustaining refrigerated (reefer) containers not more than two years old in good working order shall be delivered to the stuffing activity precooled to the intransit temperature specified by the Government. Such containers will be maintained at an internal temperature within three (3) degrees Fahrenheit of the specified intransit temperature from the time of initial stuffing until unstuffed at final destination. For Chilled Cargo in refrigerated containers only, the intransit temperature specified in the booking/shipping order for service shall be maintained by the Carrier at an internal temperature within plus or minus two (2) degrees Fahrenheit of the specified temperature from the time of initial stuffing until unstuffing at final destination providing that such variance does not allow cargo freezing. The Carrier will be compensated for this service in accordance with the rates set forth in Section B of the contract.

C.2.8.2 Carrier Inspection of Contents. Upon receipt, the Carrier may open stuffed reefer containers to inspect the condition, stuffing, or the temperature of the cargo. When the Carrier is of the opinion that the cargo is unsuitable for shipment to the specified destination, the Carrier shall immediately advise the OO of such condition, and request a written decision regarding shipment of the container.

C.2.8.3 Temperature Recording. The Carrier shall furnish two operable continuous temperature recording instruments (to include at least one interior Ryan type recorder), in each refrigerated container ordered. These instruments shall measure and record in a legible manner any variation in temperature of one-degree Fahrenheit or more inside the container during the time it is stuffed with cargo. The original printed records of the temperature maintained during the transit from origin to destination shall be made available for

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inspection by the receiving activity when the container is delivered. Upon request of the consignee, a copy of the original records shall be provided to the receiving activity within 5 days.

C.2.8.4 Maintenance. It is the sole responsibility and cost of the Carrier to maintain its refrigerated container equipment in good working order. Reefers must arrive inspected and certified by the carrier that is capable of operating at 220 and 440 electrical volts.

C.3 BREAKBULK SERVICE

C.3.1 Basic Service The Carrier's breakbulk service shall consist of receiving cargo at a specific point designated by the Government; transporting the cargo between this point and the Carrier's commercial terminal; loading in CONUS; transporting both outbound and inbound breakbulk cargo in its vessel; and discharging the cargo at its receiving terminal in CONUS. At the election of the Government and with sixty (60) calendar days advance notice from the OO, the Carrier's breakbulk service shall also consist of receiving cargo at a specific point in the Azores designated by the Government; transporting the cargo between this point and the Carrier's commercial terminal at the Port of Praia; and loading in the Azores. Breakbulk service shall be provided in accordance with the terms and conditions for containerized service, as applicable.

C.4 DOCUMENTATION

C.4.1 Load Port. The Carrier shall provide (by mutually agreeable means) the cognizant MTMC activity and the activity responsible for cargo documentation with the following information in connection with cargo loaded at each port.

C.4.1.1 Container Receipt Information. Container receipt information shall consist of carrier name, port of loading, date container received at port, container number with ALPHA prefix, TCN, and seal and/or keyless lock number (See Note below). This data shall be provided within four working hours of container receipt by the carrier.

C.4.1.2 Cargo Receipt. The Master shall sign the manifest or receipt acknowledging receipt of the cargo in apparent good order and condition or he/she shall record thereon any apparent damage to or shortage of such cargo or any other specific exception to the cargo as listed on the manifest or receipt. For containerized cargo both received by the Carrier and delivered at destination under seal, the Master's receipt acknowledges only the apparent good order of the container.

C.4.1.3 Container Lift Information. Container lift information shall consist of: name of vessel and voyage document number, container number with ALPHA prefix, TCN, port of discharge, final destination, general description of container contents (i.e., general cargo, mail/mail equipment, POV, other vehicles, refrigerated cargo), and seal and/or keyless lock number (See Note). This data shall be provided within eight working hours after vessel departure.

Note: If a seal on any container has been broken and/or replaced while in the Carrier's custody, the Carrier shall notify the ACO with a complete report as to the circumstances and the reasons therefor.

C.4.1.4 Discrepancy Report. The Carrier shall provide both the cognizant MTMC activity and local activity responsible for cargo documentation a listing by container number and TCN of containers which were booked but not loaded, or loaded but not booked, and the reasons why the containers missed their designated scheduled sailing. Such notification shall

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not relieve the Carrier of its obligations under this Contract to fulfill the original cargo booking commitments. Such reports, shall be furnished within eight hours after vessel departure.

C.4.2 Discharge Port. The Carrier shall provide either Port of Praia Shipping and Receiving or the MTMC activity having cognizance over each port where containers are discharged with a discharge report. This report shall be provided for each container discharged as soon as

practicable after discharge, but not later than twenty-four (24) hours prior to either the commencement of drayage/line-haul or availability for drayage/line-haul and shall include the following: name and voyage number of vessel making delivery; name and voyage number of original carrying vessel if transshipped; estimated date, time and mode of commencement of drayage or line-haul from discharge port to inland destination; container number; and consignee.

C.4.3 Prestow Plan. The Contractor shall provide the Government with two copies of a cargo prestowage plan at least 48 hours prior to the scheduled arrival of the vessel (plus 24 hours for each Sunday or locally observed holiday that occurs on the day of arrival or the two days preceding the day of arrival) at the loading port indicating the specific location, pertinent dimensions and total cubic measurement of the spaces available for loading the cargo booked at that port. Such cargo prestowage plan will be based on information contained in the cargo documentation previously supplied to the Carrier by the Government. One copy of the cargo prestowage plan shall be furnished to the Ordering Activity and one copy shall be furnished to the Water Terminal Authority having cognizance over that loading port. At the same time, the Carrier shall furnish the Ordering Activity confirmation of the date and time that the vessel will be placed on loading.

C.4.4 Operational Reports. The Carrier shall provide notice within twenty-four (24) hours to both the Contracting Officer and the ACO of any operational shortfall that occurs relative to the service. Examples of operational shortfalls include sailing delays, container unavailability, strikes, receiving delays, port backlogs, and equipment failures such as ship cranes etc.

C.4.5 Vessel Schedule. The Carrier shall provide an updated sailing and arrival schedule to MTMC every 45 days through the life of the Contract. Any change to the projected schedule must be reported within seven (7) days of the next scheduled port call. Any slippage in scheduled sailing date/arrival date by more than one (1) day must be reported in writing to the COR. Further, the Carrier shall notify the Government activity having cognizance over each port where Government cargo is to be discharged under this Contract of the impending arrival of the vessel. Such notice shall be given at least 48 hours prior to arrival indicating any variation from or correction to information previously furnished.

C.5 ELECTRONIC COMMERCE/ELECTRONIC DATA INTERCHANGE (EDI)

(a) Electronic exchange of booking and intransit status data is required by this contract. EDI is the preferred method for exchange of this data. However, Carriers may elect to receive and respond to bookings and to report intransit status using the MTMC Small Carrier IBS Interface (SCII) or successor system. Hardcopy or facsimile will be utilized in lieu of electronic commerce transactions for booking offices not in supported by IBS. Carriers will be provided at least 90 days advance notice of requirements to begin exchanging electronic commerce with booking locations not supported by IBS at effective date of contract. Carriers that attempt to exchange booking and ITV event data using EDI that do not demonstrate at least substantive technical compliance will be switched to the MTMC SCII (or successor system) until such time as they cure the deficiencies.

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(b) Interface. A single Carrier interface to IBS for all booking transactions worldwide is preferred, however IBS will distribute booking offers to Carriers in accordance with Carrier provided distribution instructions. Carriers must designate whether they will use EDI or the SCII (or successor system) or a combination. Carriers who require distribution of booking offers to multiple Carrier offices must provide distribution instructions. This

would include addressing information, type service (EDI or Internet) and a description of which offers should be routed to the account.

(c) Trading Partner Agreement (TPA) Carriers electing to participate in the MTMC EDI are required to execute a Trading Partner Agreement (TPA) with MTMC. This is an umbrella document that describes the use of electronic media and electronic signatures; and establishes EDI transactions as legally enforceable in lieu of signed paper documents. The Carrier will be required to either demonstrate that they have a TPA in place, or to submit the TPA as part of their offer. The TPA will be approved upon successful completion of transmission tests for each transaction set.

(d) Implementation Conventions (IC). This contract includes, by reference, the approved Implementation Conventions for the 300,301,303 and 315 transaction sets and their approved concepts of operation. The 300, 301, 303 and 315 transaction sets are described in detail in the implementation conventions. Copies of the IC's can be obtained from <http://www.lmi.org/dtedi>. Changes to the IC's are initiated through the Automated Carrier Interface (ACI) Committee which is composed of both Government and Carrier members. Carriers holding MTMC contracts that require EDI are voting members of the ACI Committee. Changes approved by the ACI Committee are forwarded to the EDI governing committee(s) for approval and publication. This contract incorporates changes as may be approved by the ACI Committee for implementation in accordance with the schedules approved by the ACI committee.

(e) Version control. Either ANSI X.12 version 3060 or 4010 is acceptable for Cargo booking sets 300, 301, 303 and for ITV status transaction set 315.

(f) Electronic transactions.

1. Carriers shall receive booking data (300) and cancellation data (303) from MTMC. During the term of the contract the Government may begin to provide to the Carrier additional transactions:

- (a) Status reports for "loaded and available for pickup by Carrier". This would serve as notice to the Carrier to schedule the pick up of the loaded container. The "report of loading" would be an electronic confirmation of telephonic (or other non-EDI) request to schedule pick up of loaded containers. It would also advise the Carrier of enroute containers booked pier terms.
- (b) Shipping instructions. Transaction set 304.
- (c) Requests for changes to shipping instructions. This would include requests or diversion, shortstop, staging, release from staging, expedited delivery; and notification that empty containers are available for pickup.

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2. Carriers shall send booking confirmation (301) and intransit status (315) data to MTMC. All Carriers shall provide status reports for the following events except for breakbulk service, which excludes events noted for container service:

<u>Event</u>	<u>Notes</u>
Empty spotted	Empty container outgate is acceptable in Lieu of actual spot report.

Loaded container pickup	Required only if Carrier provides origin inland dray/line-haul
In gate	At POE
Vessel sails	This report is required at POE and at transshipment ports
Arrival notice	Report ETA at final POD 3 days prior to scheduled vessel arrival at final POD.
Vessel arrival	Actual vessel arrival at POD and at transshipment ports
Vessel discharge	This report is required at POD and at transshipment ports
Empty container pick up	At consignee

Carrier will respond to cargo offers within same business day as receipt of the offer. In gate, sail, discharge and Out gate events will be reported within 4 hours of the event. Other events will be reported within two business days of the event.

(g) Carrier submission of vessel schedules.

1. Carrier will provide copies of its vessel schedules to the cognizant MTMC booking offices at least 45 days prior to the earliest voyage sail date. Schedules should include all direct and feeder service connections included in the Carrier's offer. Should the schedule change by one or more days, the Carrier will provide a revised schedule by close of the next business day.
2. Carrier schedules shall include base ports that are not their own ports of call on routes where base port service is required.
3. Carrier will enter schedules into MTMC's internet based systems. Carrier will use MILSTAMP port codes to identify ports-of-call.
4. Carriers may submit schedules to IBS using formats approved by the IBS Program Management Office.
5. The Government will provide instructions/training on use of this system in the Washington DC area after contract award. Completion of training is required before passwords will be assigned and access to the system granted. Carriers whose personnel have been trained and have been issued passwords will not require new passwords or retraining.

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(h) Liquidated damages.

1. Timeliness of initial submissions. Vessel schedule data provided to MTMC less than 45 days before the earliest sail date on the schedule will be considered a late submission and the Carrier shall be assessed a liquidated damage of \$250 per voyage. Damages will be assessed quarterly.

2. Reliability. Carrier shall provide timely notice of schedule changes. Actual POD arrivals of more than two days from the scheduled POD arrival dates in effect 7 days prior to sail date will be considered as unreliable and subject to liquidated damages of \$50 for each POD on the schedule with delivery slippage of more than two days. Damages will be assessed quarterly.
3. Missing intransit (ITV) status 315 data. Carrier shall be assessed a liquidated damage of \$8.50 for each of the following events not reported as provided in this section:

- In gate
- Vessel sails
- Vessel arrival
- Vessel discharge

(i) Exceptions to EDI requirements: As circumstances warrant, the PCO may unilaterally modify these requirements, in whole or part, to exempt Carriers from specific EDI requirements. This modification may be for a specified time period, or for the duration of the contract.

(j) EDI addressing and testing requirements information will be provided by HQMTMC (JTMO). Point of Contact to address any questions is Mr. Joe Crandell, Tel (703) 681-6717 or Mr. Mac Frampton, Tel (703) 681-6088.

END OF SECTION C

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SECTION D
PACKAGING AND MARKING

D.1 CONTAINER IDENTIFICATION

Containers shall be clearly marked to indicate the name of the Carrier. Leased containers utilized under this Contract shall have the name of the Carrier, affixed with stencils or stickers, in letters of not less than three (3) inches in height. As a minimum, such identification will be affixed to each end of a leased container.

END OF SECTION D

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SECTION E
INSPECTION AND ACCEPTANCE

E.1	52.246-4	INSPECTION OF SERVICES--FIXED-PRICE (AUG 1996) (Reference 46.304)
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E.2 252.247-7023 TRANSPORTATION OF SUPPLIES BY SEA (NOV 1995)
(Reference 47.573(b))

E.3 QUALITY ASSURANCE PROGRAM (QAP)

The Government will monitor the Carrier's performance under this Contract through its Quality Assurance Program (QAP), which will consist of continuing evaluation of all services including documentation provided by the Carrier. The Quality Assurance Program does not place any additional requirements on the Carrier. The ACO shall issue administration instructions for this program. A copy of the QAP Performance Requirements Summary (PRS) is incorporated at Attachment (3).

E.4 QUALITY COUNCIL

E.4.1 Council Meetings - In order to identify and resolve potential operational problems and to achieve continuous process improvement, a Quality Council shall be established. Quality Council members may include representatives of the carrier, Ocean Cargo Booking Office (OCBO), Ocean Cargo Clearance Authority (OCCA) and effected shipper services, Contracting Officer Representative (COR) as well as the Administrative Contracting Officer (ACO). The Quality Council shall meet on a semi-annual basis to identify, monitor, and recommend solutions to operational problems arising during the term of the contract. Recommendations for process improvement will be elevated to the Procuring Contracting Officer or his/her designated representative and the designated carrier representatives for consideration.

END OF SECTION E

In the event that the parties are unable to reach an agreement, the ACO shall refer that portion of the LDCN to the PCO for a determination. No disputed portion of the LDCN shall be payable to the Carrier until the PCO has rendered a decision.

F.4 EFFECTIVE DATES

This Contract shall be in effect for all cargo booked to the Carrier or its agent for sailings on or after 0001 hours local time from 08 May 2000 and shall remain in force for all cargo booked to the Carrier or its agent for all sailings scheduled on or before 07 May 2003.

END OF SECTION F

SECTION G
CONTRACT ADMINISTRATION DATA

G.1 ADMINISTRATIVE CONTRACTING OFFICER

The Administrative Contracting Officer (ACO) who shall perform Contract administration for this Contract is the Joint Traffic Management Office (JTMO) Contract Support Division (MTAQ-J) Falls Church, VA. The JTMO point of contact is Jim O'Brien, and may be reached by telephone at (703) 681-1414, fax number (703) 681-5621.

G.2 SHIPPING ORDERS

When transportation services are ordered under this Contract, a shipping Order substantially in the form of the Clearance Order/Shipping Order (JTMO Form 4612/1) (Attachment 2) will be issued by the Government. The Government will prepare all necessary papers including vessel papers or manifests listing the cargo stowed in containers aboard the vessel. Such papers, including vessel papers or manifests, shall be receipted by the Carrier or his agent, and shall be evidence of ownership. These documents and the Shipping Order shall be deemed to be an Order within the meaning of the Ordering Clause (FAR 52.216-18). The OO shall provide the Carrier with written notice of the Government activities authorized to issue Shipping Orders.

G.3 CONTAINER SIZE ORDERED/PROVIDED

When ordering containers from the Carrier, the OO will specify the type, length, height, and capacity of the container required. The Carrier shall not furnish a container of a different type or cubic capacity than that ordered without the written consent of the OO. If the OO allows the Carrier to substitute a larger size container than booked, and the loaded shipment does not exceed the cubic capacity of the size container originally ordered, the Government shall pay for the size ordered. If the loaded shipment exceeds the cubic capacity of the size container originally ordered, the Government will pay for the size container actually furnished.

G.4 APPLICATION OF RATES

G.4.1 Expression of Rates. All rates appearing in Section B are stated in U.S. dollars and cents per the applicable unit of measure.

G.4.2 Containerized Cargo. Containers stuffed with general cargo (including mail/mail equipment), refrigerated cargo, vehicles, neo-bulk cargo (bulk commodities in tank containers), controlled atmosphere cargo, hazardous material cargo, flatrack service, and recyclable cargo shall be freighted at the appropriate rate(s) stated in Section B.

G.4.3 Breakbulk Cargo. Breakbulk cargo shall be freighted by applying the applicable rate to the manifested measurement tonnage of the cargo. Cargo booked as breakbulk cargo will be so freighted, regardless of whether containerized for the Carrier's convenience.

G.5 EXCEPTIONS TO GENERAL APPLICATION OF RATES

G.5.1 Carrier imposed weight restrictions. When a container is precluded from being utilized to its maximum capacity because of Carrier imposed restrictions which limit the weight carrying capacity below the maximum weight carrying capacity of the container, the cargo shall be freighted at the applicable measurement ton basic rate applied to the manifest measure of

the cargo applied pro-rata to useable carrying capacity (e.g., if the maximum capacity of the container is 20,000 lbs, but the restricted capacity is 15,000 lbs, the container will be freighted at 75% of its usual measurement ton rate).

G.5.2 Government Furnished Containers. The Carrier's charges for through transportation of commercially acceptable Government containers will be ninety-five percent of the appropriate rate for that cargo commodity. The Carrier's charges for empty Government containers shall be one-half the appropriate rate for that container type. Tank containers are exempt from this provision since the tanks are exclusively government furnished equipment.

G.5.3 High Cube Containers. If the Government orders the use of a high cube (9'6" high) container, the Carrier will be paid 115% of the appropriate container rate in Section B.

G.5.4 Average Minimum Guarantee. The Government shall guarantee a payment of 57 forty foot equivalent units (FEUs) per round trip voyage based on an aggregate sequential voyage average (ASVA) for the minimum service to Port of Praia every 25 days (Additional sailings) will not be included for the purpose of averaging the ASVA. The calculation of the ASVA in accordance with Section H shall determine the entitlement, if any, to such minimum payments. Such minimum payments, if any, shall be rendered to the Contractor at the end of each three month period of the Contract based on an ACO certification to the PCO that the ASVA for the minimum number of voyages falls below the minimum 57 FEUs per round trip voyage. The Government shall compensate the Contractor for each whole FEU that the ASVA falls below the 57 FEU minimum.

G.5.4.1 Application of ASVA. For purposes of calculating the rate for minimum ASVA payments, the per FEU compensation for any ASVA for a specific voyage that falls below the minimum of 57 FEUs shall be the average of rates as specified in Section B of contract line items 0007AA and 1003AA for firm 3 year period.

G.5.4.2 Cargo Lift Certification Procedures For Payment of ASVA Minimums. The Contractor, within ten (10) working days of the end of each three month period of the Contract (quarterly), shall submit to the COR a worksheet detailing the total cargo lifted on each voyage of the respective quarter. The Contractor shall add any cargo carried on additional sailings above the minimum required in Section C.1.1 of the Contract to the nearest minimum sailing's arrival at Port of Praia, Azores in the quarter. Upon certification of the ASVA worksheet by the COR (for that quarter), the Contractor shall submit an invoice, if entitled, to the JTMOLANT paying activity (or any subsequently identified paying office) under this Contract for any certified minimum payments. Such invoice, if any, shall be accompanied by the COR certified worksheet.

G.5.5. Over Dimensional and Unusual Size Cargo Service

(1) Over dimensional cargo is defined as cargo that when booked to be shipped as a unit of cargo in/on a single container does not exceed the following maximum weight and dimensions:

Weight:	48,000 lbs
Length:	40'0" (480")
Width:	11'0" (132")
Height:	11'6" (138")

In addition, over dimensional cargo is considered to be cargo within the above maximum dimensions and weight which has a dimension (length, width, or height) that exceeds any external dimension of the container most suitable to the cargo when loaded and measured in/on such container. Selection of the equipment used for ocean transportation shall not result in over length dimensions when the cargo is loaded on a 40 foot flatrack, not a 20 foot flatrack.


(2) Charges for over dimensional cargo stowed on a vessel in containers shall equal the additional ocean rate for equivalent displaced standard dry container(s) by size, in accordance with the following formula (which includes use of a flatrack container):

In gauge:

BOF (Basic ocean freight)

+FRS (Flat rack surcharge)

TC (Total charge)




Over height:

BOF+(BOF x 60%)

+FRS

TC




Over width:

BOF+((BOFx2)x60%)

+FRS

TC




Over height and
and over width:

BOF+((BOFx5)x60%)

+FRS

TC



A 40 percent discount shall be applied for displaced slots in any configuration.

- (3) If other than flatracks are used to ship over dimensional cargo, the flatrack surcharge shall not be applied to the formula.
- (4) Flatrack surcharges shall not apply to Government owned flatracks in the rate computation for over dimensional cargo.
- (5) Displaced slots for which charges are assessed will be counted toward the minimum cargo guarantee.
- (6) Cargo that cannot be loaded on or in an intermodal container (closed, open top, flatrack) prior to stevedoring is not covered by this formula.
- (7) The over dimensional formula is limited to port to port terms only.
- (8) This formula can be applied to cargo exceeding either the weight and/or the dimensions defining over dimensional cargo when the Government and the carrier mutually agree to do so at the time of cargo booking.
- (a) Vacant slots for which charges are assessed will be counted toward the average minimum cargo guarantee stated at G.5.4 of this section.

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- (b) The Government reserves the right to ship oversized/over dimensional cargo on breakbulk terms. The Carrier, at its discretion, may elect to containerize the

cargo, but at no additional cost to the Government above those breakbulk rates specified in Schedule B.

G.5.6 BUNKER ADJUSTMENT FACTOR

a. An allowance for fluctuations in marine fuel prices shall be paid to the carrier in accordance with the following:

(1) Offerors shall provide a fuel consumption standard for the vessel(s) offered in service. Per barrel consumption at steaming by bunker type (e.g., HFO, MDO) and barrels consumed per hour at berth shall be provided. At the conclusion of the first annual period of the contract, a base price will be computed for Norfolk. The source of price information is the Platts Oilgram Bunkerwire based on the bunker type used by vessel as provided. These prices are quoted in dollars per metric ton. They will be converted to barrels by dividing by 6.55. An average price per barrel will be computed over the corresponding first annual contract period. The base price is the average of the weekly price for the corresponding annual contract period. The prices will be computed by the ACO.

(2) No later than thirty (30) calendar days after the conclusion of the second annual contract period, for any subsequent annual period, the Carrier shall submit to the ACO a certified statement by voyage of total fuel consumption for the voyages accomplished during the annual contract period. For each voyage, the certification shall contain the following information: Ship name, sailing dates, POD and POE, carrier voyage number and route index, DTS voyage number.

(a) Average round trip steaming mileage will be divided by nautical miles per barrel fuel consumption factor provided in the carriers offer to yield barrels consumed per voyage. The ACO shall determine a factor for an average number of hours at berth. This factor shall be divided by hours per barrel at berth provided in the carriers offer to yield barrels consumed at berth. Barrels consumed (steaming and at berth) for all voyages will be totaled for the annual period.

(b) A new average annual fuel price, a dollar differential, and a percent differential will be computed by the ACO for the second annual period of the contract in the same manner as the base period per paragraph (1), above. The dollar differential is the new average fuel price minus the base price. The percentage differential is derived by dividing dollar differential by base price. If the percent differential is greater than 20%, a payment or deduction will be made. If cost increase results in payment to the carrier, such payment will be a lump sum. If a cost decrease results in benefit to the Government, the Government shall set off sums against monies owed the carrier. The dollar payment/set off shall be determined by application of the annual computed dollar differential, less 20%, times the total annual fuel consumption (in barrels) for the relevant contract period.

b. The fuel allowance applies to carrier purchases of fuel from normal commercial suppliers and does not apply when fuel has been provided or subsidized by the U. S. Government or foreign Governments.

G.6 PAYMENT

G.6.1 Entitlement. Freight shall be earned only upon delivery of the cargo at the ultimate destination set forth in the Shipping Order or applicable amendments thereto. Freight shall consist of the sum of all payments due for services actually furnished in accordance with the Shipping Order calculated at the rates set forth in Section B.

G.6.2 Submission of Invoices. Invoices shall be submitted in accordance with the Standard Billing Instructions (Attachment 4). The Carrier shall submit properly certified invoices or vouchers for outbound shipments and inbound container detention (equipment originating in the AZORES/detained by the Government in CONUS and equipment originating in CONUS/detained by the Government in the AZORES) to Military Traffic Management Command, Deployment Support Command, 663 Sheppard Place, Third Floor, Fort Eustis, Virginia 23604. Invoices shall be submitted within twenty-four (24) months from date of shipment. Invoices received after that time will not be certified for payment and the Carrier waives any right to payment thereafter.

G.6.3 Determination of Delivery. Delivery of the stuffed container/cargo at ultimate destination and accomplishment of the Shipping Order may, for purposes of payment of freight, be established either by a copy of a receipt signed by the consignee or its agent or upon certification of delivery by the COR based on information available within the Government. For purposes of payment of freight, delivery of cargo shall be deemed to occur upon placement of the stuffed container at ultimate destination or upon expiration of two working days after the Carrier tenders the stuffed container/cargo for delivery at the ultimate destination. The Carrier may notify the DSC paying activity of the date and time of the container arrival at ultimate destination for determination of the two working day basis for payment of freight.

G.6.4 Withholding of Payment. If after delivery of the cargo or container and unstuffing by the Government, there is any damage to or shortage of cargo not definitely known to be the fault of the Government or its agents, and it is considered by the ACO that withholding of certain monies is necessary to protect the interests of the Government pending final determination of the amount of shortage or damage and the Carrier's liability therefor, the dollar amount of such shortage or damage may be estimated and withheld from sums owing to the Carrier by the Government under any Shipping Order. Likewise, the Government may recover overpayments of freight and may recover charges paid to the carrier for services and supplies furnished by the Government in connection with the carriage of cargo under one shipping order by withholding from sums due the carrier under any shipping order or contract.

G.6.5 Reimbursement. All charges and expenses incurred for the account of the Government as provided in this Contract and which are not paid directly by the Government or by the consignee shall be paid by the Carrier, which shall be reimbursed upon the presentation of properly supported invoices, including, but not limited to, Carrier's Interchange Receipt and COR certified invoices.

G.6.6 Payment. Unless otherwise provided herein, payment shall be made on the basis of freight earned as computed in accordance with paragraph G.1 above. In accordance with the Prompt Payment Act, all payments earned on shipments will be made after a) receipt of a proper invoice, in accordance with the procedures outlined above, or b) evidence of delivery as described above, whichever occurred later. The failure of the Government to provide a proper manifest in a timely manner shall not preclude the Carrier from submitting a proper invoice upon delivery of cargo as set forth above.

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G.6.7 Electronic Payment.

a. MRM15 alternate payment procedures. During the term of this contract MTMC expects to begin expanded use of alternate cargo documentation and payment processes. Under the new proposal, shipping instructions (EDI 304), plus Carrier lift (EDI315) reports will be the basis for effecting payment to Carriers. Should the new procedures be substantively as described, MTMC would, at its option, phase in the new procedures for all or any part of cargo covered by this contract. At least 90 days notice to Carrier will be provided. Should the new procedures not be substantively as described above, any transition to the new procedures would be subject to bilateral agreement.

b. Automated fund transfer (AFT) is the required method of payment. Carrier not yet authorized AFT must provide bank and account information necessary to implement AFT.

G.6.8 Linehaul/Drayage All inland rates are stated in dollars and cents per manifested container size regardless of type and are applicable for drayage or linehaul services furnished by the carrier in conjunction with basic services provided.

G.7 REFUNDS, REBATES AND CREDITS

The Carrier agrees that any refunds, rebates, credits or other amounts (including any interest thereon) accruing to or received by the Carrier under this Contract shall be paid by the Carrier to the Government to the extent that they are properly allocable to costs, expenses or reimbursements for which the Carrier has been reimbursed by the Government under the terms of this Contract.

G.8 AGREED COST RESPONSIBILITY

G.8.1 General. As a means of facilitating the administration of this Contract, the parties have agreed that certain items of cost anticipated as likely to arise in the performance of their respective duties under this Contract shall be listed. Determinations of responsibility for items of cost agreed by the parties under this Section are intended to be consistent with the substantive clauses of this Contract; provided however, in the event of conflict, the substantive clauses of the Contract shall prevail.

G.8.2 Responsibility of the Carrier. The Carrier is responsible for the costs associated with the following services:

G.8.2.1 Furnishing and maintaining containers and chassis.

G.8.2.2 Drayage of containers in CONUS including: furnishing and maintaining tractors; furnishing drivers; CONUS delivery costs of movement of containers, including tractors and driver; highway, ferry, tunnel and bridge tolls; and user taxes.

G.8.2.3 All costs of the vessel operation and all CONUS port charges and other expenses charged to the carrier's vessel in CONUS ports.

G.8.2.4 Except for stevedoring and port handling straight time worked in Port of Praia all stevedoring costs and port handling costs of loading and discharging and preparation, including special cargo fire or security watch required by port regulations due to loading and discharging operations and including any overtime differential costs incurred by the Government at Port of Praia for Government terminal stevedoring and terminal costs when overtime is ordered by the Contractor. Upon election of the Government to employ Carrier liner services in the Port of Praia, the above costs shall also accrue to the Carrier's account.

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G.8.2.5 All CONUS container terminal costs including: receipt of containers; marshaling of containers; and cleaning containers before stuffing and after unstuffing.

These remain a Government cost responsibility unless the Government elects to utilize the carrier's Liner Terms.

G.8.2.6 Taxes, dues, fees and other charges (including storage charges levied by governments, ports authorities, or wharfingers) on breakbulk cargo, on the containers, and on their contents, if any, except those charges which are payable by the Government.

G.8.2.7 Handling charges including terminal tariff handling charges according to the custom of the port; agency fees in connection with port clearance of cargo.

G.8.3 Responsibility of the Government. The Government is responsible for the cost of the following services:

G.8.3.1 Respot of containers within a Government facility, supply point or vendor's plant.

G.8.3.2 Container stuffing and unstuffing including: labor employed; packing material and/or dunnage employed; preparing documentation; sealing the container; removal of packing material, dunnage and placards; and sweeping.

G.8.3.3 Miscellaneous dues, fees and charges including: cargo surveyor fees when services are ordered by the Government or when resulting from dispute between the Government and the Carrier resolved in favor of the Carrier; drayage or line-haul charges listed under Section G.8.2 above when performed by the Government.

G.8.3.4 All fees charged to the vessel and port storage charges for containers and cargo by the commercial Port of Praia, Azores shall be to the Government's account.

G.8.3.5 Stevedoring and port handling straight time worked in Port of Praia unless the Government elects to employ Carrier liner services in the Port of Praia.

G.8.3.6 Additional personnel ordered by the Government including: transportation and travel time of stevedore personnel when ordered by the Government for its account; overtime for customs, agriculture or public health officers provided for the convenience of the cargo, when requested by the Government.

G.8.3.7 Contaminated cargo costs including: fumigation required solely because of contaminated Government cargo, including related costs and detention; crew overtime in connection with standby security watch when required by the ACO during loading and discharging; crew wages, fringe benefits and related payroll tax when ship's crew are performing longshore work in cargo operations at the request of the terminal or by custom of the port including members of the steward's department required to prepare additional meals.

G.8.3.8 Handling charges including customs and other fees, dues and/or taxes charged to the cargo; harbor and quay dues charged to cargo based on local tariffs.

G.8.3.9 Cargo landing and wharfage charges including: landing charges against cargo in accordance with the regulations of the port, including those billed by port authorities to the ship; and wharfage charged to military cargo unless the Government elects to utilize the carrier's Liner Terms.

G.8.3.10 All CONUS container terminal costs including: marshaling of containers; and cleaning containers before stuffing and after unstuffing. These remain a Government cost responsibility unless the Government elects to utilize the carrier's Liner Terms.

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G-9. SHIPMENTS BY AUTHORIZED AGENTS OF THE GOVERNMENT. The following provisions apply only for authorized agents' shipments.

a. Parties to the contract. Parties, on the first part, include the US Government and its agents and authorized contractors other than the Carrier under this contract, including Code 3 Military Household Goods (MHHG) ITGBL Carriers or Global POV Contract Carriers (hereinafter called "the Shipper", and, on the second part, the ocean Carrier.

b. Booking of cargo.

1. Shipments booked by authorized agents will be booked in accordance with the VISA priorities outlined under this contract at C.1.7 terms subject to the terms and conditions of the agent's respective Government contracts.

2. For such shipments offered on a port to port basis by the authorized agent, the Shipper agrees to offer cargo for booking upon no less than 3 working days notice prior to a base port departure date unless a later time is agreed upon by the parties for a particular shipment or group of shipments. The Carrier shall have a maximum of 24 hours to accept an offering of cargo and notify the Shipper of such acceptance.

c. Shipping order. For shipments booked by authorized agents, the Shipper will prepare a shipping order substantially in the form attached hereto as clearance order/shipping order (JTMO Form 4612/1), Attachment A. The shipping order shall be evidence of ownership and will constitute the contract of carriage issued to the ocean Carrier.

d. Carrier Load Port. For authorized agent shipments, cargo/container receipt and lift information shall be furnished by the ocean Carrier to the authorized agent who ordered the transportation services stating the Shipping Order number rather than the TCN as used with other DTS shipments (on board ocean bill of lading acceptable). Cargo/container receipt information required at CONUS and designated overseas ports of loading shall be provided within four hours after the cargo or container is received. Cargo/container lift information shall be provided within eight hours after vessel departure from CONUS/overseas port. This information shall be provided by a mutually agreeable means between the Shipper and the Carrier and shall indicate as much of the following data for each shipment of cargo or each container received/loaded as is available within that time:

1. Cargo/container Receipt Information (CONUS and Designated Overseas Ports of Loading)
 - (a) Name of ocean Carrier
 - (b) Port of loading
 - (c) Date container received at port
 - (d) Carrier's container number with ALFA prefix
 - (e) Transportation Control Number (TCN)
 - (f) Seal and/or keyless lock number
2. Cargo/container Lift Information (CONUS/Overseas Ports of Loading)
 - (a) Name of vessel and voyage document number
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 - (b) Carrier's container number with ALFA prefix
 - (c) Transportation Control Number (TCN)

(d) Port of discharge

(e) Final destination

(f) General description of container contents, i.e., General Cargo - Mail/Mail Equipment - Privately Owned Vehicles (POV'S) - other Unboxed Wheeled or Tracked Vehicles - Refrigerated Cargo

(g) Seal and/or keyless lock number - Note: The Carrier is to notify the ACO if a seal on any unit of cargo or container has been broken and/or replaced between the time the Carrier accepted the loaded container from the Government and the time of arrival at inland destination or point of Government acceptance from the Carrier with a complete report as to the circumstances and the reasons therefore.

e. Carrier Discharge Port. For authorized agent shipments, cargo or container discharge information shall be furnished to the authorized agent consignee listed on the Shipping Order stating the Shipping Order number (arrival notice or similar acceptable with discharge noted). This information, which shall be provided for each unit of cargo or each container discharged as soon as practicable after discharge, but not later than one day following the commencement of delivery, shall include the following:

1. Name and voyage number of vessel being discharged
2. Name and voyage number of original vessel sailing if transshipped
3. Date and time the cargo or container was discharged from the vessel
4. Date, time, and mode of commencement of delivery from discharge port to and consignee.

f. Weekly lift and authorized agent shipment statistics:

The Carrier agrees to provide weekly volume information to the Chief, MTMC CONUS Command Booking Office, Ft. Eustis, VA, the COR for all shipments under this contract, with authorized agent statistics specifically segregated from overall lift statistics. Information shall include, but is not limited to, the number of containers by origin or destination, direction and size of equipment. Reports will be provided by fax to 757-878-1810 until such time as MTMC develops an internet based capability for Carriers to submit these reports when report via the internet will be required. Carriers will be notified when internet capability becomes effective.

g. Payment. The authorized agent shall make payment directly to the ocean Carrier thirty days after receipt of an invoice or evidence of completion of services ordered under this agreement. The Carrier will provide written verification of delivery to the ordering activity.

h. Detention invoices. The authorized agent ordering services from the ocean Carrier is responsible for certification and payment of all detention charges applicable under this contract.

END OF SECTION G

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SECTION H

SPECIAL CONTRACT REQUIREMENTS

H.1 REFERENCES

All references in this Contract to "Master" or "Crew" or other ship's personnel shall be deemed to be references to "Carrier's Representative" except when the context precludes such reading.

H.2 LIMITATION OF GOVERNMENT LIABILITY

H.2.1 Dead Freight. The Government shall not be liable for payment of dead freight.

H.2.2 Required Delivery Dates. Notwithstanding any other provisions of this Contract, the Government may make alternative transportation arrangements, without notice to the Carrier, for any cargo that the Carrier cannot deliver by the Required Delivery Date (RDD) provided by the ACO for that cargo. The determination to make alternative transportation arrangements on the basis of RDD shall be made by the OO after submission of a request in writing from the ACO for such arrangements.

H.3 EXCEPTED CATEGORY CARGO

Excepted category cargoes are listed below. Pursuant to the Changes Clause (FAR 52.243-1 Alternate IV), rates for their carriage may be negotiated by the Contracting Officer prior to booking. The Carrier shall not accept excepted category cargo for shipment unless a rate for its carriage has been negotiated with the Contracting Officer or the Contracting Officer has issued an unpriced change order pursuant to FAR 52.243-4, (AUG 1987). Cargo categories not excepted below and for which specific rates do not appear herein, shall be carried at the applicable General Cargo rate.

- Aircraft (unboxed)
- Bulk Cargo (not containerized in tank cars, vehicles, or containers)
- Boats over 40 feet in length
- Oversize Cargo (single shipment quantity in excess of 50,000 pounds or 30 measurement tons)

H.4 GOVERNMENT OBLIGATION

H.4.1 Commitment of Cargo. Unless the Government elects to employ Carrier services beyond the Port of Praia, for the purposes of this Contract the CONUS origin/destination points/ports shall be limited to the CONUS points indicated in Section B. The Government, at its option, will determine if cargo will move between other CONUS points and the Port of Praia, Azores under this Contract or under separate Contractual arrangements, or between the Port of Praia, Azores, and OCONUS points indicated in Section B upon Government election to employ Carrier service beyond the Port of Praia. During the period of this Contract and subject to provisions set forth below and in Section H.4, unless the Government elects to employ Carrier services beyond the Port of Praia, the Government will ship with the Carrier sustainment cargo offered for ocean transportation in the Defense Transportation System (DTS) between points and ports in CONUS and Port of Praia, Azores. In the event the space made available by the Carrier is insufficient to meet the requirements of the Government, the Contracting Officer reserves the right to make other arrangements to meet such requirements.

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H.4.2 Volume of Cargo. A minimum volume of cargo per round trip voyage is guaranteed under this Contract. The Government shall guarantee 57 forty foot equivalent units (FEUs) per round

trip voyage based on a quarterly aggregate sequential voyage average (ASVA). For calculation purposes, a round trip voyage shall include all of the cargo tendered by the Government for an outbound sailing from CONUS to Port of Praia Azores and the following inbound sailing from Port of Praia Azores to CONUS. The Government shall sum the total number of all containers tendered by the Government for each round trip voyage using a conversion of one FEU per 40' container and one half FEU per 20' container. Breakbulk cargo shall be added to that total by converting the manifest measure of all such cargo using a conversion of one FEU per 41 measurement tons of cargo tendered. Vehicles shall be added to that total by converting the manifest measure of all such cargo using a conversion of one FEU per 21 measurement tons of cargo. The ASVA shall then be determined for every 12 months of the Contract by dividing the total cargo tendered by the Government for all of the round trip voyages completed during the respective 12 months period of the Contract by the number of the voyages. That ASVA of FEUs shall determine payments, if any, that are payable as minimums. The ASVA shall be based solely on the minimum sailings in accordance with Section C.1.1. Any cargo carried on additional sailings during the year shall be added to the aggregate cargo of the nearest required minimum sailing completed during the year. Additional sailings will not be included for the purpose of averaging the ASVA. Such payments shall be made in accordance with Section G. The cargo volumes listed at Attachment 5 are provided for information purposes only and in no way represent a commitment on the part of the Government other than that which is stated herein and in Section G of the Contract. The three year firm Contract period will be considered independently of each other for the purposes of calculating the ASVA. The maximum volume of cargo under this contract shall not exceed the total capacity of the Carrier's vessel(s) utilized for all voyages required under Section C.1.1. The JTMO does not guarantee the completeness or accuracy of the projection.

H.5 LIMITATIONS OF CARRIER'S OBLIGATION

H.5.1 Cargo Rejection. Notwithstanding any other provisions of this Contract, the Carrier shall have the right to reject any species of live animals and other cargo deemed by the Carrier to be dangerous or obnoxious in character. Any such cargo accepted for carriage shall be freighted at the General Cargo rate.

H.5.2 Unsafe Operation. The Carrier shall not be required to receive or deliver containers at points or places where it is impracticable or unsafe to operate tractors and chassis due to conditions of roads, streets, or alleys or when prevented from doing so because of fire, acts of God, acts of war, riots, civil commotion, strikes, lockouts, stoppages or restraints of labor or other labor disturbances.

H.5.3 Hazardous Cargo. The transportation and handling of hazardous cargo for shipment shall be subject to Title 49 of the Code of Federal Regulations, Part 171, et seq. (49 CFR) in force at the time of shipment. The Carrier shall refuse to transport hazardous cargo, either by land or by ocean, which does not conform in all aspects to these regulations and any other applicable U.S. governmental regulations. When the Carrier refuses to pick up a container based on non-compliance with appropriate regulations as stated herein, the Government shall reimburse the Carrier the actual linehaul/drayage charge for such container if the Carrier has made a futile trip in connection with such circumstances as a result of Government failure to comply with applicable hazardous cargo regulations.

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H.5.3.1 Hazardous Waste Material. When transporting hazardous waste material, the carrier must obtain an Environmental Protection Agency identification number (40 C.F.R.263.11). Carrier should accept only those hazardous wastes that have been manifested in accordance with 40 C.F.R. 262.20 and 262.20(b). The manifest shall stay with the shipment to its destination. 40 C.F.R 263.20 (c). Carrier must deliver the waste to the designated TSD facility on the

manifest or to its designated alternate facility in case of an emergency. 40 C.F.R. 263.21(a) and (b).

(a) **Spill Reporting** - In the event of an accidental discharge of the hazardous material during transporting the carrier is required to take immediate action to protect human health and the environment as defined in 49 C.F.R. 171.15 and must be reported verbally and in writing to the National Response Center, Office of Hazardous Material Regulations Department of Transportation, Washington, DC 20590. See 33 CFR 153.203, 40 C.F.R. 263.31, State and local laws may require additional notifications. Carrier is liable for spills and discharges of cargo while being transported and is responsible for the cleanup. 40 C.F.R. 263.30 and 31.

(b) **Storage** - Carrier may store material enroute up to ten (10) days at each transfer facility as defined by 40 C.F.R. 260.10, 263.12 and 268.50 (a) (3) without becoming a TSD facility. If storage exceeds the ten days at any transfer facility, then the carrier must issue a new manifest and sign and return to the initial shipper its original manifest. Carriers transporting hazardous waste material into the United States from abroad or who mix hazardous wastes of different DOT shipping descriptions into the same container must also meet the standards applicable to hazardous wastes shippers.

H.5.4 Explosives. Explosives, other than small arms ammunition, are excluded from the scope of this Contract and shall not be carried hereunder.

H.6 DAMAGE TO EQUIPMENT

H.6.1 Damage to Carrier Equipment. Should a container, chassis, or any other piece of Carrier equipment be damaged by act of the Government, its agents, employees, or Contractors while such Carrier equipment is in the custody of the Government, its agents, employees or Contractors, the Government shall repair or reimburse the Carrier the least of the following: the reasonable costs of repairs; the fair market value immediately prior to the damage; or the depreciated value on the Carrier's books. The Carrier will assign to the Government any rights, causes of action, or other claims which the Carrier may have against third parties with respect to such damage. The Government shall not be liable for the repair of any damage under this Section unless written notice specifying such damage shall have been given to and acknowledged by the Government or its authorized representative at the time custody of the container or other equipment is returned to the Carrier. Claims submitted under this Section and Section H.6.2 below shall be filed with HQ, Military Traffic Management Command, Freight Services Division (MTOP-JF), 5611 Columbia Pike, Falls Church, Virginia 22041-5050.

H.6.2 Damage to Carrier Vessel or Vessel Equipment. Should the vessel or its equipment be damaged by act, neglect or failure of equipment of the Government, its agents, employees, or Contractors in loading or discharging the vessel, the Government shall reimburse the Carrier the reasonable costs of repairs and the Carrier will assign to the Government any rights, causes of action, or other claims which the Carrier may have against third parties with respect to such repairs. In the event that any damage should occur to the vessel or its equipment as a result of the joint fault of the Carrier and the Government, payment for such damage shall be apportioned pro rata in accordance with the respective degrees of fault. The Government shall not be liable for the repair of any damage under this Section unless notice specifying such damage and the name(s) of the party or parties causing such damage shall have been given to and acknowledged by the Government or its authorized representative as soon as possible after the occurrence of such damage, or in any event before the vessel leaves the

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berth or anchorage where the damage occurred, and provided, further, that the Government shall not be liable for the repair of any damage under this Section if such damage is caused by a Contractor of the Government unless demand first is made upon such Contractor by the Carrier and payment therefor has been refused.

H.6.3 Damage to Government Equipment. The Carrier shall be liable for loss of or damage to Government containers and chassis while in the Carrier's custody to the same extent that the Government is liable for loss of or damage to the Carrier equipment while in the Government's custody. The Carrier will not procure insurance coverage on Government containers and will not be liable for any loss thereof under circumstances covered by the Carrier's war risk insurance on its own containers.

H.7 CARGO RECEIPT

Any receipt signed by or on behalf of the Master shall be without prejudice to the terms, conditions, and exceptions of this Contract, and subject to all of them. The Government fully warrants the accuracy and completeness of all papers and documents relevant to the shipment of all cargo tendered under this contract supplied by the Government to the Carrier.

H.8 IMPROPER DOCUMENTATION

If the Government does not provide the Carrier with the correct container documentation at the time and location of Carrier acceptance, the Carrier may refuse to accept the container. If the Carrier chooses to pick-up or accept the container, the Carrier shall provide the cognizant MTMC manifesting activity with all the missing receipt or lift data in order that the container can be completely identified for onward movement. This information must be provided within one (1) working day of receipt or lift, or earlier if necessary to meet the scheduled vessel sailing.

H.9 FAILURE TO SPOT

H.9.1 Remedies. When the Carrier fails to spot an empty container by the designated date and time, and as a result there is not reasonable time to allow stuffing and release of the container in sufficient and reasonable time to meet the scheduled sailing date of the vessel to which the container is booked, the Carrier shall be liable either for the payment of liquidated damages or for the reimbursement of expenses incurred by the Government to obtain alternate transportation of the container. The Government shall also be entitled to cancel the booking of such cargo.

H.9.2 Liquidated Damages. Liquidated damages shall be equal to the detention charges set forth in Section H.23.2 for each 24-hour period, or pro-rata portion thereof, from the time of completion of loading of the vessel to which the container was originally booked to the time of commencement of loading of the Carrier's next scheduled vessel to the port of destination to which the container was booked. If the Government cancels the booking, the Carrier's liability for liquidated damages shall be limited to the period ending with cancellation.

H.9.3 Alternate Transportation. If the Government elects to employ alternate intermodal transportation to move the container to another port, the Carrier shall be liable for any expenses or costs incurred by the Government above the expenses that normally would have been incurred had the container been furnished by the designated time and date.

H.9.4 Government Responsibility for Failure. Neither liquidated damages nor charges for Government expenses will be assessed if the Carrier can establish: 1) that the inability to spot the container as agreed is the result of the Government's failure to unstuff and release

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an empty container to the Carrier within a reasonable time to meet the required spotting date; 2) that it advised the ACO of such inability at least seven days prior to the required spotting date; and 3) that the Carrier only accepted bookings which could reasonably be expected to be fulfilled.

H.10 DELAY IN SPOTTING

When the Carrier fails to spot an empty container by the designated date and time, and as a result the Government must incur overtime expenses to enable stuffing and release of the container by the Government prior to the scheduled sailing date of the vessel, the Carrier shall be liable for payment of liquidated damages equal to the total overtime expense incurred by the Government.

H.11 OVERWEIGHT CONTAINERS

H.11.1 Notification. At the time of booking, the Carrier shall notify the OO if the maximum cargo weight which can be loaded into a container which is to be stuffed by the Government is less than the standard maximum cargo weight capacity for the container, and the reason therefor. Containers on which such restrictions are imposed shall not be utilized under this Contract if acceptable containers are available for the required service from any other Carrier, which does not impose a restriction.

H.11.2 Cost Liabilities. If the Government stuffs a container with cargo weighing in excess of the container's standard maximum weight carrying capacity or in excess of any lesser weight of which it has been given notice under Section H.11.1, it shall remove, or pay the expense of removing the excess of cargo, reimburse any fines or penalties exacted of the Carrier in moving or handling the excess weight of cargo. All fees or other costs incident to weighing containers shall be the responsibility of the Carrier.

H.11.3 Carriage of Overweight Containers. The Carrier shall not refuse to carry a container between a CONUS port and Azores that weighs in excess of the local maximum weight allowed by U.S. Federal, state, or local governments if the container can be discharged from the vessel and the excess weight of cargo can be removed without violation of the applicable law, regulation, or ruling that established the maximum weight.

H.12 GOVERNMENT FAILURE TO TIMELY RELEASE CONTAINERS

H.12.1 Occurrence. When a container which has been positioned at a Government stuffing facility is not released by the Government within a reasonable time to meet the scheduled sailing time and date of the Carrier's vessel to which it is booked, thereby precluding the container from being loaded on the vessel, the Government shall have the alternatives set forth below. In no event will the Government be liable for vessel demurrage or dead freight as a result of failure to release a container in time to meet a specified vessel sailing.

H.12.2 Load on the Next Vessel. The Government may allow the Carrier to load the container on the next vessel scheduled to the booked port of debarkation and pay the Carrier detention charges set forth in Section H.23.2 from the time of completion of loading of the vessel to which the container was originally booked to the time of the commencement of loading of the Carrier's next scheduled vessel to Azores.

H.12.3 Unstuff the Container. The Government may order the Carrier to move the container to another place for unstuffing. The Government shall bear all costs of such movement and shall pay detention charges set forth in Section H.23.2 between the time of completion of loading of the vessel to which the container was booked and the release of the empty container.

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H.13 CARRIER FAILURE TO LOAD CONTAINERS

H.13.1 Occurrence. When a stuffed container is released by the Government within reasonable time to meet the scheduled sailing time and date of the Carrier's vessel to which it is booked and the container is delayed, through fault of the Carrier, thereby precluding the container from being loaded on the vessel, the Government shall have the remedies set forth below.

H.13.2 Load on the Next Vessel. The Government may order the Carrier to load the container on the next vessel scheduled to the same port of debarkation and hold the Carrier liable for liquidated damages equal to detention charges from time of completion of loading of the vessel to which the container was originally booked to the time of completion of loading of the Carrier's next scheduled vessel to Azores.

H.13.3 Move to Another Shipping Place. The Government may take possession of the container and transport it by any means available to the Government. The Government shall return the container to the Carrier at the port of debarkation. The Carrier shall be liable for liquidated damages equal to detention charges commencing at the time of completion of loading of the vessel to which the container was originally booked and ending when the vessel on which the container is loaded sails. The Carrier shall also be liable for freight, and any other expenses, paid by the Government for movement of the container over that freight which would have been paid to the Carrier if it had been loaded as originally booked.

H.13.4 Return the Cargo. The Government may elect to return the cargo, in which case the Carrier shall move the container to a place designated by the OO for unstuffing and shall bear all costs for such movement and unstuffing. The Government shall not be obligated to pay for use of the container. The Carrier shall be liable for liquidated damages in an amount equal to detention charges, commencing at the time of completion of loading of the vessel to which the container was originally booked and ending when the OO Officer notifies the Carrier of this course of action.

H.14 NO FAULT FAILURE TO MEET SAILING

H.14.1 Occurrence. If a container stuffed with cargo misses the sailing for which it is scheduled due to no fault of the Government or the Carrier, the Government shall have the remedies set forth below.

H.14.2 Load on the Next Vessel. The Government may order the Carrier to load the container on the next vessel scheduled to the same port of debarkation. The Government shall pay only for freight and usual charges.

H.14.3 Move to Another Shipping Place. The Government may order the Carrier to move the container to another place, including another Carrier's terminal. The Government shall bear all costs for such movement, and shall return the container to the Carrier at the port of debarkation.

H.14.4 Return the Cargo. If the Government elects to order the return of the cargo, the Carrier shall move the container to a place designated by the ACO for unstuffing. The Government shall bear all costs of such movement.

H.15 DELAY OF SCHEDULED SAILING

H.15.1 Occurrence. If the scheduled sailing to which container cargo is booked is delayed, through no fault or failure of the Carrier, more than 96 hours (48 hours for container stuffed with refrigerated or perishable cargo) beyond either the departure time scheduled when the

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container was ordered, or the time the stuffed container arrived at the Carrier's terminal, whichever is later, the Government shall have the alternatives set forth below.

H.15.2 Container Release. The Government may allow the container to move on the delayed sailing.

H.15.3 Move to Another Shipping Place. The Government may order the Carrier to move the container to another place, including another Carrier's terminal. The Government will bear all costs for such movement, including removal of the container from the vessel and placement on a chassis. The Government shall return the container to the Carrier at the port of debarkation.

H.15.4 Return the Cargo. If the Government elects to order the return of the cargo, the Carrier shall move the container to another place designated by the ACO for unstuffing. The Government shall bear all costs of such movement, including removal of the container from the vessel.

H.16 STORAGE CHARGES

When the Carrier fails to pick-up a container from the Government facility within the time period specified in Section C.2.3, the Carrier shall be liable for payment of storage charges computed at the detention rates for each 24-hour period, or pro-rata portion thereof, from expiration of the time described in Section C.2.3.

H.17 COMMENCEMENT AND TIME STANDARD OF DELIVERY TRANSPORTATION

When the Carrier fails to commence or meet the time standard of inland delivery transportation within the specified time period, the Carrier shall be liable for payment of liquidated damages, computed at the rates for detention charges for each 24-hour period, or pro-rata portion thereof, in excess of the time period specified in Section C, excluding time lost due to delay in commencing delivery pursuant to a request by the ACO, labor disturbances, or fault or failure of the Government.

H.18 TRANSSHIPMENT OR RELAY

H.18.1 Policy. The Carrier shall not transship or relay cargo, containerized or breakbulk, unless it has received written permission to do so from the ACO at the time of booking. The Carrier's request for permission shall include notice of the extent to which it will transship or relay the container between vessels (whether its own or other Carriers') and of the flag of the vessels involved. Transshipped or relayed containers shall be loaded aboard the first available vessel sailing from the port of transshipment or relay. The Carrier shall immediately notify the MTMC representatives at the ports of loading, transshipment or relay, and destination of the name of the vessel and/or Carrier and estimate time of arrival at destination.

H.18.2 Foreign Flag Vessels. No foreign flag vessel will be used for any portion of the carriage between the ports of loading and discharge unless the use of such vessel has been disclosed to and approved by the Director of JTMO or his/her designee prior to booking, or unless delivery to the port of discharge on the U.S. flag vessel scheduled to carry the container to the port is prevented by a casualty to the vessel that precludes its call at the port of discharge within a reasonable time and the Director of JTMO or his/her designee has approved transshipment to the foreign flag vessel. No freight shall be due for any transportation wholly or partially on a foreign flag vessel in violation of this paragraph.

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H.18.3 Notification of Arrival. When delivery of cargo is made by a transshipment or relay vessel, the Carrier will notify the COR of the impending arrival of the cargo at the port of final destination, and will include in such notification, the name, estimated time of arrival, and flag or registry of the ship in which it will arrive; the Carrier's name, the ship and voyage document number to which the cargo was originally manifested; the container number, if

applicable; and the names and flags of registry of any ship utilized for intermediate transshipment or relay.

H.19 DIVERSION FOR THE CONVENIENCE OF THE GOVERNMENT

Upon written direction by the Contracting Officer, the Carrier shall route or divert its vessel, for the convenience of the Government, to a port of loading or discharging not on the route for which rates are quoted in Section B. The written direction shall reflect the special routing or diversion and state the agreed additional freight, if any, to be paid by the Government for such special routing or diversion.

H.20 TRANSFER OF CONTAINERIZED CARGO

The Carrier shall not transfer or transload cargo from one container to another without the authorization of the ACO, except when such transfer is required to safeguard the cargo during the continuation of the movement. When cargo is transferred from the original container, the Carrier shall immediately so notify the MTMC activities having cognizance over the loading and discharge ports. Such notice shall contain the serial number and seal number of the original container, and of the container to which cargo was transferred, the place where the transfer occurred and the reason for the transfer. When the container to which the cargo was transferred differs in internal cubic capacity from the original container, freight shall be based upon the cubic capacity of the original container.

H.21 GOVERNMENT DRAYAGE/LINE-HAUL

If the booking terms require delivery of the container to the Government at the Carrier's terminal at the port of discharge, the Carrier's obligation under this Contract shall terminate at the time the container with chassis is hooked to the Government tractor or at 0001 hours after the container has been discharged from the vessel, placed on a chassis, cleared for line-haul or drayage by all applicable agencies of the local Government, including Customs, and the ACO has been notified that the container is ready for line-haul or drayage, whichever occurs first.

H.22 TIME

H.22.1 Free Time Allowed. The total amount of free time in CONUS will be ten (10) days. At Port of Praia, total free time shall be the time between delivery of a container and arrival of the Carrier's next vessel.

H.22.2 Commencement of Free Time. Time shall commence to run at 0001 hours local time after the container is physically tendered for delivery.

H.22.3 Running of Time. Time shall not run during any Saturday, Sunday, or locally observed holiday at the place the container is located. Time shall run during any period when clearance by local government agencies is delayed due to the non-availability of documents required for such clearances which are furnished by the Government, provided, that the container is otherwise ready for line-haul/drayage and the ACO has been notified of the unavailability of such documents. When such delay is requested by the Government, time shall, run during the period of delay prior to commencement of inland delivery.

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H.22.4 No Running of Time. Time shall not run during any period containers are held due to local labor disturbances.

H.22.5 Cessation of Time. Time shall cease to run at 2400 hours on the day the Carrier is notified that the container is released or when the container is returned to the Carrier, whichever is earlier.

H.23 DETENTION

H.23.1 Incurrence. In the event the Government holds the Carrier's container longer than the free time allowed, the Government shall pay detention charges as set forth below.

H.23.2 Computation of Detention. Detention charges will be paid at the rates set forth below 4 for each 24 hour period of time, or pro-rata portion thereof, beyond the total allowed free time that the containers are held by the Government. No detention charge will be incurred for time spent in stuffing containers. Rates are expressed in dollars and cents and apply for containers with or without chassis.

CONTAINER DETENTION CHARGES

A. DRY CARGO CONTAINER (Includes closed containers, open top containers, flat racks, car carriers, any of the above with chassis, and chassis alone)

20 FT and Over	\$11.00
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40 FT and Over	\$15.00
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B. REFRIGERATED CONTAINER (Includes container with chassis)

20 FT and Over	\$30.00
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40 FT and Over	\$41.00
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H.23.3 Refrigerated Containers. When Government caused delay of a refrigerated container results in payment of detention, the Carrier shall be reimbursed for fuel consumed during the detention period. The compensation payable by the Government will be at the Carrier's actual cost including labor and materials.

H.23.4 Detention Invoices. Detention invoices must be submitted to the ACO's representative designated to Certify such invoices no later than twenty-four (24) months from the date the empty container is returned to the Carrier. Detention invoices received after that time will not be certified for payment and the Carrier waives any right to payment thereafter.

H.24 USE OF GOVERNMENT TERMINALS

H.24.1 Services. When the Carrier calls to load or discharge containers or breakbulk cargo at government facilities, if requested by the Carrier, the Government shall make available such services and materials as may be required to permit the Carrier to perform with dispatch

its responsibilities under this Contract in connection with the loading or discharging of cargo. The Government shall provide necessary husbanding services to the vessel while it is at the facilities. The Carrier shall pay the Government, represented by the agency operating

the facilities, for such services or materials in accordance with schedules established by that agency.

H.24.2 Stevedoring. Unless the Government elects to employ Carrier services beyond the Port of Praia, Azores, the Government will arrange for stevedoring services to be performed at its expense. Stevedoring shall include use of ship's gear to discharge and load cargo from/to lighters. Such stevedoring shall be prosecuted with reasonable dispatch in accordance with the established Custom of the Port on a straight time basis. All stevedoring in the Azores shall be governed by the terminal tariff in effect. (Copies are available from the Contracting Officer upon request.)

H.25 SHIFTING DOCKS

Within a vessel's port of call, the COR may require the vessel to call at, or shift to a particular dock wharf, place or open roadstead at which the vessel can lie always safely afloat at any time of tide, or at which, in the judgment of the Master, the vessel may lie safely aground, and to and from which the vessel may safely proceed when the aggregate of the cargo to be loaded or of the cargo to be discharged at such location is 300 measurement tons or more. If the COR orders such a call or shift and less than 300 measurement tons of cargo are loaded or discharged, the direct costs of such shift shall be reimbursed by the Government. Nothing herein shall be construed as a warranty by the Government of berth, or approaches thereto, at facilities owned or operated by or for the Carrier or at other commercial facilities normally utilized by ships of the size as the Carrier's vessel to load and discharge cargo.

H.26 CUSTOM OF THE TRADE

Wherever the standard of performance by either party is not provided under the provisions of this Contract, the "Custom of the Trade" shall be used as a standard of performance. This phrase shall mean the established practice generally accepted by the trucking, rail and marine shipping industries providing transportation services in the geographic trade covered by this Contract.

H.27 SECURITY

If the Government notifies the Carrier that the employment or the continued employment of the Master or any member of the crew is prejudicial to the interests or endangers the security of the United States of America, the Carrier shall make any changes necessary in the appointment(s). Any costs to the Carrier occasioned by such changes shall be reimbursed by the Government.

H.28 SAFETY IN LOADING AND DISCHARGING OF CARGO

The Carrier shall comply with all applicable provisions of Public Law 91-596, 84 Stat. 1590 (approved December 29, 1970) known as the Occupational Safety and Health Act of 1970 (29 USC 655, ex. seq.) and with the standards promulgated thereunder by the Secretary of Labor for Safety in loading and discharging of cargo.

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H.29 POSITION REPORTS

When specifically requested by the ACO or the Contracting Officer, the Carrier shall furnish the Government with the daily noon position of vessel's serving this Contract.

H.30 SUBSTITUTION

If the Carrier wishes to materially change its service or to substitute another vessel or other equipment for the vessel or equipment initially offered for service, the Carrier must submit to the Contracting Officer within 30 calendar days of the anticipated change a written request detailing such change and the impact on the service provided. The Carrier shall not implement such a change without the written consent of the Contracting Officer.

H.31 WAR RISK

H.31.1 Reimbursement.

H.31.1.1 Normal Port Calls. In the event it is necessary for the vessel's owners to pay premium to extend the coverage of crew, hull and machinery, and protection and indemnity insurance and insurance covering the loss and damage of containers while aboard the vessel to include war risks in excess of premium on such war risk coverage on the date the Carrier's rates were submitted under this Contract, or to pay crew war risk bonuses as a result of the vessel entering a war risk area, the Government shall reimburse the Carrier for a percentage of such extra premium and bonus payments based on the ratio existing between the cargo carried for the account of the Government which is loaded or discharged at ports within the war risk area and the total cargo aboard the vessel which is loaded or discharged at ports within the war risk area.

H.31.1.2 Government Requested Port Calls. If Carrier is ordered to any port, place, zone, or route involved in a state of war, warlike operations or hostilities, civil strife, or piracy (whether there be a declaration of war or not) where she might reasonably be expected to be subject to capture, seizure, arrest, or hostile act by a belligerent power (whether de facto or de jure), it shall be unreasonable for the Carrier not to prosecute said instructions if insurance against said risks is then available commercially or under a Government program. In the event of the existence of said risks, the Government shall reimburse the Carrier for all such excess premium and bonus payments and for the extra cost of cargo war risk insurance premium on commercial cargo aboard the vessel at the time of entry into the war risk area.

H.31.1.3 Government Provided Insurance. If commercial marine, war risk, and liability is not available or if marine, war risk, and liability insurance through the Secretary of Transportation under Sections 1202-1205 of the Merchant Marine Act of 1936, 46 App. U.S.C. 1282 - 1285, is available at a lesser rate, the Contracting Officer reserves the right to require Carriers to obtain the necessary marine, war risk, and liability insurance from the Secretary of Transportation. Further, in the event that the Secretary of Defense, or his authorized designee, is authorized to provide and does provide indemnification to the Secretary of Transportation under Section 1205 of the Merchant Marine Act, 1936, 46 APP. U.S.C 1285, for marine, war risk, and liability coverage without premium, the Contracting Officer reserves the right to require the Carrier to obtain such insurance from the Department of Transportation and no premium as set forth in paragraphs (1) and (2) above will be paid to the Carrier.

H.31.2 Container Loss or Damage. The Government shall reimburse the Carrier against loss of or damage to a container in accordance with Section H.6 and as set forth below.

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H.31.2.1 Causes. The Government shall reimburse the Carrier for loss or damage that is caused by capture, seizure, arrest, restraint or detainment, hostilities or warlike

operations whether there be a declaration of war or not, civil war, revolution, rebellion, insurrection, civil strife, or civil commotion.

H.31.2.2 Location When Damaged. The Government shall reimburse the Carrier for loss or damage that occurs when the container is not aboard the vessel, but is located within the war risk area and is (a) in the Government's custody or (b) not in the Government's custody but either stuffed with cargo shipped under this Contract or emptied of such cargo and being transported between a place of initial stuffing or final unstuffing and the Carrier's nearest terminal, or other places not further distant than such terminal, and waiting at such terminal to be loaded in the first of the Carrier's vessels to call.

H.31.2.3 Not Otherwise Covered. The Government shall reimburse the Carrier for loss or damage to the extent that it is not covered by insurance as set forth in Section H.6.

H.31.3 Limitation of Government Liability. No payments shall be due from the Government under this clause unless and until the Carrier shall also assess such costs against commercial cargo loaded or discharged in the war risk areas.

H.31.4 Government as Additional Assured. The Carrier agrees to add the United States Government as an additional assured with waiver of subrogation on its war risk policy obtained by the Carrier and for which the Government has agreed to reimburse the extra premium under this section.

H.32 APPLICATION OF COGSA

H.32.1 Incorporation. The United States Carriage of Goods by Sea Act (COGSA) 46 U.S.C. 1300-1315 is incorporated into this Contract and shall apply to the ocean transportation of all goods (including goods in containers stowed on deck, which shall be considered as goods stowed under deck) under any Shipping Order with the same force and effect as if the Act applied to such carriage by express provision therein; provided, however, in case of loss, damage or shrinkage in transit, the rules and conditions governing commercial shipments shall not apply as to the period within which notice thereof shall be given the Carrier or as to the period within which claim therefor shall be made or suit instituted.

H.32.2 Liability. For the purpose of interpreting Section 4 of COGSA "Limitation of Liability," for all cargo, the limitation of liability set out in Section 4 of COGSA shall apply to each package, and for cargo not in packages to each measurement ton of cargo within the container. The carriage of cargo under any Shipping Order issued pursuant to this Contract shall not be deemed or construed to be the carriage of cargo pursuant to special terms and conditions as provided for in Section 6 of COGSA; and nothing in this Contract is intended to relieve the Carrier or the vessel from liability for loss or damage to or in connection with the goods arising from negligence, fault, or failure in the duties and obligations provided by COGSA or to lessen such liability otherwise than as provided therein. The Carrier shall be liable as a common Carrier by land for any loss between any inland origin and the vessel's side and between the vessel's side and any inland destination.

H.33 SCOPE OF VOYAGE (LIBERTIES)

H.33.1 Determination of the Master. In any situation, which in the judgment of the Master of the vessel is likely to give rise to capture, seizure, detention, damage, delay, or disadvantage to or loss of the vessel or any part of her cargo, or to make it unsafe, imprudent, or unlawful for any reason to begin or continue the voyage or to enter or discharge goods at the port of discharge, or to give rise to delay or difficulty in arriving,

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discharging, or leaving the port of discharge or the usual place of discharge in such port, the Master, whether or not proceeding toward or entering or attempting to enter the port of

discharge, or reaching or attempting to reach the usual place of discharge therein, or attempting to discharge the Government's goods may, upon prior notification to and with the consent of the Contracting Officer, discharge the goods into another port, depot, lazarette, craft, or other place, or the Master may proceed or return, directly or indirectly, to or stop at any place whatsoever as the Master or the Carrier may consider safe and advisable under the circumstances. Notification to the Contracting Officer shall include, but not limited to the planned port of discharge of the cargo and any measures planned to protect the cargo. If the Contracting Officer determines that the planned disposition of the cargo is not in the Government's best interest, the Carrier shall comply with the Contracting Officer's direction to the Carrier to divert the cargo to a port of the Government's choice and to make any other arrangements necessary to protect the Government's interest. In any event, the Carrier shall at all times be responsible to assure the security and protection of the cargo until relieved of such responsibility by the Government or its designated agent. The vessel may carry munitions, warlike stores, hazardous cargo, and may sail armed or unarmed and with or without convoy.

H.33.2 Compensation. For any service rendered herein upon prior notice to and with the approval of the Government, the Carrier may be entitled to an equitable adjustment to be agreed upon by the Carrier and the Contracting Officer. In no case shall the Carrier be entitled to any extra compensation for any services rendered without prior notice to and with the approval of the Government, and in no such case shall freights be payable until the goods are delivered to the named destination on the Shipping Order.

H.33.3 Compliance with Governmental Direction. The Carrier, the Master, and the vessel shall have liberty to comply with any orders or directions as to loading, departure, arrival, routes, ports of call, stoppages, discharge, destination, delivery or otherwise, howsoever given by the government of any nation or department thereof or any person acting or purporting to act with the authority of such government or of any department thereof, or by any committee or person having, under the terms of the war risk insurance on the vessel, the right to give such orders or directions. Delivery or other disposition of the goods in accordance with such orders or directions shall be a fulfillment of the Contract voyage.

H.34 EXCEPTIONS

Acts of God, enemies, fire, restraint of princes, rulers of people, and all dangers and accidents of the seas, rivers, machinery, boilers and steam navigation, and errors of navigation throughout this Contract are mutually excepted. The vessel shall have the liberty to deviate for the purpose of saving life and property, to tow or to be towed, to sail with or without pilots, to adjust compasses and/or radio equipment, to call at any port for repairs, or to go into dry dock or into ways with or without cargo on board.

H.35 STRIKES

H.35.1 General. Except as provided below, neither the Government nor the Carrier shall be responsible for the consequences of a strike or lockout preventing or delaying the fulfillment of any obligation under this Contract.

H.35.2 Loading Port. In the event the vessel or loading of the vessel is delayed by reason of strike or stoppage of work, the Carrier reserves the right to delay or cancel the voyage, or to dispatch the vessel with such cargo as may then be on board. If part of the Government's cargo has already been loaded and the Carrier is not prevented from the dispatch of its vessel by reason of the strike or stoppage, then the Carrier must carry it to the port

of discharge and the freight payable shall be on the loaded quantity of cargo only, unless contrary instructions are given by the Government.

H.35.3 Discharge Port. In the event the vessel or discharge of the vessel is delayed by reason of strikes, lockouts, or stoppage of work, the Carrier reserves the right to keep the vessel waiting until such strike or lockout is at an end and discharge the cargo still on board or with the approval of the Government to proceed to an alternate safe port of discharge where the vessel can safely discharge. All conditions of this Contract and the shipping order issued hereunder shall apply to delivery of the cargo at such alternate port, and the Carrier shall receive the same freight as if the cargo had been discharged at the original port of destination. If the Carrier shall deliver the cargo to an alternate port of destination without the approval of the Government, the Carrier shall only earn freight upon delivery at the named port of destination, and shall not be entitled to any compensation or reimbursement for additional costs incurred by reason of that deviation to an alternate port.

H.36 AMENDED JASON CLAUSE

In the event of accident, danger, damage, or disaster, before or after commencement of the voyage resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequence of which, the Carrier is not responsible, by statute, Contract, or otherwise, the goods, shippers, consignees, or owners of the goods shall contribute with the Carrier in general average to the payment of any sacrifices, losses, or expenses of a general average nature that may be made or incurred, and shall pay salvage and special charges incurred in respect of the goods. If a salving vessel is owned or operated by the Carrier, salvage shall be paid for as fully as if such salving vessel or vessels belonged to strangers.

H.37 GENERAL AVERAGE

General Average shall be adjusted, stated and settled, according to York-Antwerp Rules 1974 as amended to the date of this Contract, at such port or place in the United States as may be selected by the Carrier, and as to matters not provided for by those Rules, according to the laws and usage's at the Port of New York. In such adjustment, disbursements in foreign currencies shall be exchanged into United States money at the rate prevailing on the dates made and allowances for damage to cargo claimed shall be converted at the rate prevailing on the last day of discharge at the port or place of final discharge of such damaged cargo from the ship.

H.38 LIENS

H.38.1 Seizure of Cargo. The Carrier agrees that it will not assert any type of lien, including a maritime lien, on any cargo shipped by the Government under this Contract. The Carrier further agrees that it will not take any action to seize, arrest, hold, or otherwise detain such cargo through any judicial process in the U.S. or any foreign country. The Carrier agrees to insert this clause in all subcontracts at any tier and to expend any resources necessary to expeditiously enforce the provisions of this clause against such subcontractors.

H.38.2 Freight. There shall be no liens, asserted or permitted on any freights payable by the Government under this Contract. The Carrier agrees to insert this clause in all subcontracts at any tier and to expend any resources necessary to expeditiously enforce the provisions of this clause against such subcontractors.

H.39 FORCE MAJEURE

Liquidated damages will not be assessed under this section for failure to perform when such failure arises from causes beyond the control, and without fault or negligence, of the breaching party. Examples of such causes are Acts of God or of the Public Enemy, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather

(End of clause)

END OF SECTION H

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SECTION I

CONTRACT CLAUSES

I.1 52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at these addresses:

<http://www.arnet.gov/far>
<http://farsite.hill.af.mil>
<http://www.dtic.mil/dfars>

(End of clause)

- I.2 52.202-1 DEFINITIONS (OCT 1995)
(Reference 2.201)
- I.3 52.203-3 GRATUITIES (APR 1984)
(Reference 3.202)
- I.4 52.203-5 COVENANT AGAINST CONTINGENT FEES (APR 1984)
(Reference 3.404)
- I.5 52.203-6 RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (JUL 1995)
(Reference 3.503-2)
- I.6 52.203-7 ANTI-KICKBACK PROCEDURES (JUL 1995)
(Reference 3.502-3)
- I.7 52.203-8 CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
(Reference 3.104-9(a))
- I.8 52.203-10 PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
(Reference 3.104-9(b))
- I.9 52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (JUN 1997)
(Reference 3.808(b))
- I.10 52.204-4 PRINTING/COPYING DOUBLE-SIDED ON RECYCLED PAPER (JUN 1996)
(Reference 4.304)
- I.11 52.209-6 PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (JUL 1995)
(Reference 9.409(b))

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- I.12 52.215-2 AUDIT AND RECORDS--NEGOTIATION (JUN 1999)
(Reference 15.209(b))

I.13	52.215-10	PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (OCT 1997) (Reference 15.408(b))
I.14	52.217-8	OPTION TO EXTEND SERVICES (AUG 1989) (Reference 17.208(f))
I.15	52.219-8	UTILIZATION OF SMALL BUSINESS CONCERNS (JUN 1999) (Reference 19.708(a))
I.16	52.219-9	SMALL BUSINESS SUBCONTRACTING PLAN (JAN 1999) (Reference 19.708(b)(1))
I.17	52.222-1	NOTICE TO THE GOVERNMENT OF LABOR DISPUTES (FEB 1997) (Reference 22.103-5(a))
I.18	52.222-3	CONVICT LABOR (AUG 1996) (Reference 22.202)
I.19	52.222-26	EQUAL OPPORTUNITY (FEB 1999) (Reference 22.810(e))
I.20	52.222-35	AFFIRMATIVE ACTION FOR DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (APR 1998) (Reference 22.1308)
I.21	52.222-36	AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998) (Reference 22.1408(a))
I.22	52.222-37	EMPLOYMENT REPORTS ON DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (JAN 1999) (Reference 22.1308(b))
I.23	52.223-2	CLEAN AIR AND WATER (APR 1984) (Reference 23.105(b))
I.24	52.223-6	DRUG.FREE WORKPLACE (JAN 1997) (Reference 23.505(b))
I.25	52.223-14	TOXIC CHEMICAL RELEASE REPORTING (OCT 1996) (Reference 23.907(b))
I.26	52.225-11	RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (AUG 1998) (Reference 25.702)
I.27	52.226-1	UTILIZATION OF INDIAN ORGANIZATIONS AND INDIAN-OWNED ECONOMIC ENTERPRISES (MAY 1999) (Reference 26.104)
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I.28	52.227-1	AUTHORIZATION AND CONSENT (JUL 1995) (Reference 27.201-2(a))

I.29	52.227-2	NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (AUG 1996) (Reference 27.202-2)
I.30	52.229-3	FEDERAL, STATE, AND LOCAL TAXES (JAN 1991) (Reference 29.401-3)
I.31	52.230-2	COST ACCOUNTING STANDARDS (APR 1998) (Reference 30.201-4(a))
I.32	52.230-3	DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (APR 1998) (Reference 30.201-4(b))
I.33	52.229-7	TAXES--FIXED-PRICE CONTRACTS WITH FOREIGN GOVERNMENTS (JAN 1991) (Reference 29.402-1(b))
I.33	52.230-6	ADMINISTRATION OF COST ACCOUNTING STANDARDS (APR 1996) (Reference 30.201-4(d))
I.34	52.232-4	PAYMENTS UNDER TRANSPORTATION CONTRACTS AND TRANSPORTATION-RELATED SERVICES CONTRACTS (APR 1984) (Reference 32.111(a)(4))
I.36	52.232-8	DISCOUNTS FOR PROMPT PAYMENT (MAY 1997) (Reference 32.111(c)(1))
I.37	52.232-9	LIMITATION ON WITHHOLDING OF PAYMENTS (APR 1984) (Reference 32.111(c)(2))
I.38	52.232-11	EXTRAS (APR 1984) (Reference 32.111(d)(2))
I.39	52.232-17	INTEREST (JUN 1996) (Reference 32.617(a)&())
I.40	52.232-23	ASSIGNMENT OF CLAIMS (JAN 1986) (Reference 32.806(a)(1))
I.41	52.233-1	DISPUTES (DEC 1998) (Reference 33.215)
I.42	52.233-3	PROTEST AFTER AWARD (AUG 1996) (Reference 33.106(b))
I.43	52.237-2	PROTECTION OF GOVERNMENT BUILDINGS, EQUIPMENT, AND VEGETATION (APR 1984) (Reference 37.110(b))
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I.44	52.237-3	CONTINUITY OF SERVICES (JAN 1991) (Reference 37.110(c))

I.45	52.243-1	CHANGES--FIXED-PRICE (AUG 1987) ALT IV (APR 84) (Reference 43.205(a)(1))
I.46	52.244-5	COMPETITION IN SUBCONTRACTING (DEC 1996) (Reference 44.204(c))
I.47	52.244-6	SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (OCT 1998) (Reference 44.403)
I.48	52.245-2	GOVERNMENT PROPERTY (FIXED-PRICE CONTRACTS) (DEC 1989) (Reference 45.106(b)(1))
I.49	52.246-25	LIMITATION OF LIABILITY--SERVICES (FEB 1997) (Reference 46.805)
I.50	52.247-5	FAMILIARIZATION WITH CONDITIONS (APR 1984) (Reference 47.207-1(d))
I.51	52.247-8	ESTIMATED WEIGHTS OR QUANTITIES NOT GUARANTEED (APR 1984) (Reference 47.207-3(e))
I.52	52.247-12	SUPERVISION, LABOR, OR MATERIALS (APR 1984) (Reference 47.207-5(b))
I.53	52.247-17	CHARGES (APR 1984) (Reference 47.207-6(a))
I.54	52.247-21	CONTRACTOR LIABILITY FOR PERSONAL INJURY AND/OR PROPERTY DAMAGE (APR 1984) (Reference 47.207-7(c))
I.55	52.247-64	PREFERENCE FOR PRIVATELY OWNED U.S.-FLAG COMMERCIAL VESSELS (JUN 1997) (Reference 47.507(a))
I.56	52.249-2	TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED- PRICE) (SEP 1996) (Reference 49.502(b)(1))
I.57	52.249-8	DEFAULT (FIXED-PRICE SUPPLY AND SERVICE) (APR 1984) (Reference 49.504(a)(1))
I.58	52.215-8	ORDER OF PRECEDENCE--UNIFORM CONTRACT FORMAT (OCT 1997) (Reference 15.209(h))
I.59	52.215-14	INTEGRITY OF UNIT PRICES (OCT 1997) (Reference 15.408(f)(1))
I.60	52.215-19	NOTIFICATION OF OWNERSHIP CHANGES (OCT 1997) (Reference 15.408(k))
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I.61	52.219-16	LIQUIDATED DAMAGES--SUBCONTRACTING PLAN (JAN 1999) (Reference 19.708(b)(1))

I.62	52.223-12	REFRIGERATION EQUIPMENT AND AIR CONDITIONERS (MAY 1995) (Reference 23.804(b))
I.63	52.232-34	RESERVED
I.64	252.247-7007	LIABILITY AND INSURANCE (DEC 1991) (Reference 47.270-7(h))
I.65	252-203-7002	DISPLAY OF DOD HOTLINE POSTER (DEC 1991)
I.66	252.204-7000	DISCLOSURE OF INFORMATION (DEC 1991)
I.67	252.204-7003	CONTROL OF GOVERNMENT PERSONNEL WORK PRODUCT (APR 1992)
I.68	252.204-7004	REQUIRED CENTRAL CONTRACTOR REGISTRATION (MAR 1998)
I.69	252.205-7000	PROVISION OF INFORMATION TO COOPERATIVE AGREEMENT HOLDERS (DEC 1991)
I.70	252.209-7000	ACQUISITION FROM SUBCONTRACTORS SUBJECT TO ON-SITE INSPECTION UNDER THE INTERMEDIATE- RANGE NUCLEAR FORCES (INF) TREATY (NOV 1995)
I.71	252.209-7001	DISCLOSURE OF OWNERSHIP OR CONTROL BY THE GOVERNMENT OF A TERRORIST COUNTRY (MAR 1998)
I.72	252.209-7002	DISCLOSURE OF OWNERSHIP OR CONTROL BY A FOREIGN GOVERNMENT (SEP 1994)
I.73	252.209-7003	DISCLOSURE OF COMMERCIAL TRANSACTIONS WITH THE GOVERNMENT OF A TERRORIST COUNTRY (MAR 1998)
I.74	252.209-7004	REPORTING OF COMMERCIAL TRANSACTIONS WITH THE GOVERNMENT OF A TERRORIST COUNTRY (MAR 1998)
I.75	252.215-7000	PRICING ADJUSTMENTS (DEC 1991)
I.76	252.219-7003	SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (DOD CONTRACTS (APR 1996)
I.77	252.223-7001	HAZARDOUS WARNING LABELS (DEC 1991)
I.78	252.223-7002	SAFETY PRECAUTIONS FOR AMMUNITION AND EXPLOSIVES (MAY 1994)
I.79	252.223-7003	CHANGE IN PLACE OF PERFORMANCE - AMMUNITION AND EXPLOSIVES (DEC 1991)
I.80	252.223-7004	DRUG-FREE WORK FORCE (SEP 1988)
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I.81	252,223-7005	RESERVED

I.82	252.223-7006	PROHIBITION ON STORAGE AND DISPOSAL OF TOXIC AND HAZARDOUS MATERIALS (1993)
I.83	252.225-7031	SECONDARY ARAB BOYCOTT OF ISRAEL (JUN 1992)
I.84	252.231-7000	SUPPLEMENTAL COST PRINCIPLES (DEC 1991)
I.85	252.237-7006	SUBCONTRACTING (DEC 1991)
I.86	252.237-7007	TERMINATION FOR DEFAULT (DEC 1991)
I.87	252.237-7009	PERMITS (DEC 1991)
I.88	252.242-7000	POSTAWARD CONFERENCE (DEC 1991)
I.89	252.243-7001	PRICING OF CONTRACT MODIFICATIONS (DEC 1991)
I.90	52.216-18	ORDERING (OCT 1995)

(a) Any supplies and services to be furnished under this contract shall be ordered by issuance of delivery orders or task orders by the individuals or activities designated in the Schedule. Such orders may be issued from 08 May 2000 through 07 May 2003.

(b) All delivery orders or task orders are subject to the terms and conditions of this contract. In the event of conflict between a delivery order or task order and this contract, the contract shall control.

(c) If mailed, a delivery order or task order is considered "issued" when the Government deposits the order in the mail. Orders may be issued orally, by facsimile, or by electronic commerce methods only if authorized in the Schedule.

(End of clause)

I.91 52.216-19 ORDER LIMITATIONS (OCT 1995)

(a) Minimum order. When the Government requires supplies or services covered by this contract in an amount of less than \$1.00, the Government is not obligated to purchase, nor is the Contractor obligated to furnish, those supplies or services under the contract.

(b) Maximum order. The Contractor is not obligated to honor--

(1) Any order for a single item in excess of \$1,000,000;

(2) Any order for a combination of items in excess of \$10,000,000; or

(3) A series of orders from the same ordering office within 2 days that together call for quantities exceeding the limitation in subparagraph (1) or (2) above.

(c) If this is a requirements contract (i.e., includes the Requirements clause at subsection 52.216-21 of the Federal Acquisition Regulation (FAR)), the Government is not required to order a part of any one requirement from the Contractor if that requirement exceeds the maximum order limitations in paragraph (b) above.

(d) Notwithstanding paragraphs (b) and (c) above, the Contractor shall honor any order exceeding the maximum order limitations in paragraph (b),

unless that order (or orders) is returned to the ordering office within 2 days after issuance, with written notice stating the Contractor's intent not to ship the item (or items) called for and the reasons. Upon receiving this notice, the Government may acquire the supplies or services from another source.

(End of clause)

I.92 52.216-22 INDEFINITE QUANTITY (OCT 1995)

(a) This is an indefinite-quantity contract for the supplies or services specified, and effective for the period stated, in the Schedule. The quantities of supplies and services specified in the Schedule are estimates only and are not purchased by this contract.

(b) Delivery or performance shall be made only as authorized by orders issued in accordance with the Ordering clause. The Contractor shall furnish to the Government, when and if ordered, the supplies or services specified in the Schedule up to and including the quantity designated in the Schedule as the "maximum." The Government shall order at least the quantity of supplies or services designated in the Schedule as the "minimum."

(c) Except for any limitations on quantities in the Order Limitations clause or in the Schedule, there is no limit on the number of orders that may be issued. The Government may issue orders requiring delivery to multiple destinations or performance at multiple locations.

(d) Any order issued during the effective period of this contract and not completed within that period shall be completed by the Contractor within the time specified in the order. The contract shall govern the Contractor's and Government's rights and obligations with respect to that order to the same extent as if the order were completed during the contract's effective period; provided, that the Contractor shall not be required to make any deliveries under this contract after 07 May 2003.

(End of clause)

I.93 52.232-25 PROMPT PAYMENT (JUN 1997)

Notwithstanding any other payment clause in this contract, the Government will make invoice payments and contract financing payments under the terms and conditions specified in this clause. Payment shall be considered as being made on the day a check is dated or the date of an electronic funds transfer. Definitions of pertinent terms are set forth in section 32.902 of the Federal Acquisition Regulation. All days referred to in this clause are calendar days, unless otherwise specified. (However, see subparagraph (a)(4) of this clause concerning payments due on Saturdays, Sundays, and legal holidays.)

(a) Invoice payments.

(1) Due Date.

(i) Except as indicated in subparagraph (a)(2) and paragraph (c) of this clause, the due date for making invoice payments by the designated payment office shall be the later of the following two events:

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(A) The 30th day after the designated billing office has received a proper invoice from the Contractor (except as provided in subdivision

(a)(1)(ii) of this clause).

(B) The 30th day after Government acceptance of supplies delivered or services performed by the Contractor. On a final invoice where the payment amount is subject to contract settlement actions, acceptance shall be deemed to have occurred on the effective date of the contract settlement.

(ii) If the designated billing office fails to annotate the invoice with the actual date of receipt at the time of receipt, the invoice payment due date shall be the 30th day after the date of the Contractor's invoice; provided a proper invoice is received and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(2) Certain food products and other payments.

(i) Due dates on Contractor invoices for meat, meat food products, or fish; perishable agricultural commodities; and dairy products, edible fats or oils, and food products prepared from edible fats or oils are--

(A) For meat or meat food products, as defined in section 2(a)(3) of the Packers and Stockyard Act of 1921 (7 U.S.C. 182(3)), and as further defined in Pub. L. 98-181, including any edible fresh or frozen poultry meat, any perishable poultry meat food product, fresh eggs, and any perishable egg product, as close as possible to, but not later than, the 7th day after product delivery.

(B) For fresh or frozen fish, as defined in section 204(3) of the Fish and Seafood Promotion Act of 1986 (16 U.S.C. 4003(3)), as close as possible to, but not later than, the 7th day after product delivery.

(C) For perishable agricultural commodities, as defined in section 1(4) of the Perishable Agricultural Commodities Act of 1930 (7 U.S.C. 499a(4)), as close as possible to, but not later than, the 10th day after product delivery, unless another date is specified in the contract.

(D) For dairy products, as defined in section 111(e) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502(e)), edible fats or oils, and food products prepared from edible fats or oils, as close as possible to, but not later than, the 10th day after the date on which a proper invoice has been received. Liquid milk, cheese, certain processed cheese products, butter, yogurt, ice cream, mayonnaise, salad dressings, and other similar products, fall within this classification. Nothing in the Act limits this classification to refrigerated products. When questions arise regarding the proper classification of a specific product, prevailing industry practices will be followed in specifying a contract payment due date. The burden of proof that a classification of a specific product is, in fact, prevailing industry practice is upon the Contractor making the representation.

(ii) If the contract does not require submission of an invoice for payment (e.g., periodic lease payments), the due date will be as specified in the contract.

(3) Contractor's invoice. The Contractor shall prepare and submit

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invoices to the designated billing office specified in the contract.

A proper invoice must include the items listed in paragraph (a)(3)(i) through (a)(3)(viii) of this clause. If the invoice does not comply with these requirements, it shall be returned within 7 days after the date designated billing office received the invoice (3 days for meat, meat food products, or fish; 5 days for perishable agricultural commodities, edible fats or oils, and food products prepared from edible fats or oils), with a statement of the reasons why it is not a proper invoice. Untimely notification will be taken into account in computing any interest penalty owed the Contractor in the manner described in subparagraph (a)(5) of this clause.

(i) Name and address of the Contractor.

(ii) Invoice date. (The Contractor is encouraged to date invoices as close as possible to the date of the mailing or transmission.)

(iii) Contract number or other authorization for supplies delivered or services performed (including order number and contract line item number).

(iv) Description, quantity, unit of measure, unit price, and extended price of supplies delivered or services performed.

(v) Shipping and payment terms (e.g., shipment number and date of shipment, prompt payment discount terms). Bill of lading number and weight of shipment will be shown for shipments on Government bills of lading.

(vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the contract or in a proper notice of assignment).

(vii) Name (where practicable), title, phone number, and mailing address of person to be notified in the event of a defective invoice.

(viii) Any other information or documentation required by the contract (such as evidence of shipment).

(ix) While not required, the Contractor is strongly encouraged to assign an identification number to each invoice.

(4) Interest penalty. An interest penalty shall be paid automatically by the designated payment office, without request from the Contractor, if payment is not made by the due date and the conditions listed in paragraphs (a)(4)(i) through (a)(4)(iii) of this clause are met, if applicable. However, when the due date falls on a Saturday, Sunday, or legal holiday when Federal Government offices are closed and Government business is not expected to be conducted, payment may be made on the following business day without incurring a late payment interest penalty.

(i) A proper invoice was received by the designated billing office.

(ii) A receiving report or other Government documentation authorizing payment was processed, and there was no disagreement over quantity, quality, or Contractor compliance with any contract term or condition.

(iii) In the case of a final invoice for any balance of funds due the Contractor for supplies delivered or services performed, the amount was not subject to further contract settlement actions between the Government and the Contractor.

(5) Computing penalty amount. The interest penalty shall be at the rate established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the day after the due date, except where the interest penalty is prescribed by other governmental authority (e.g., tariffs). This rate is referred

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to as the "Renegotiation Board Interest Rate," and it is published in the Federal Register semiannually on or about January 1 and July 1. The

interest penalty shall accrue daily on the invoice principal payment amount approved by the Government until the payment date of such approved principal amount; and will be compounded in 30-day increments inclusive from the first day after the due date through the payment date. That is, interest accrued at the end of any 30-day period will be added to the approved invoice principal payment amount and will be subject to interest penalties if not paid in the succeeding 30-day period. If the designated billing office failed to notify the Contractor of a defective invoice within the periods prescribed in subparagraph (a)(3) of this clause, the due date on the corrected invoice will be adjusted by subtracting from such date the number of days taken beyond the prescribed notification of defects period. Any interest penalty owed the Contractor will be based on this adjusted due date. Adjustments will be made by the designated payment office for errors in calculating interest penalties.

(i) For the sole purpose of computing an interest penalty that might be due the Contractor, Government acceptance shall be deemed to have occurred constructively on the 7th day (unless otherwise specified in this contract) after the Contractor delivered the supplies or performed the services in accordance with the terms and conditions of the contract, unless there is a disagreement over quantity, quality, or Contractor compliance with a contract provision. In the event that actual acceptance occurs within the constructive acceptance period, the determination of an interest penalty shall be based on the actual date of acceptance. The constructive acceptance requirement does not, however, compel Government officials to accept supplies or services, perform contract administration functions, or make payment prior to fulfilling their responsibilities.

(ii) The following periods of time will not be included in the determination of an interest penalty:

(A) The period taken to notify the Contractor of defects in invoices submitted to the Government, but this may not exceed 7 days (3 days for meat, meat food products, or fish; 5 days for perishable agricultural commodities, dairy products, edible fats or oils, and food products prepared from edible fats or oils).

(B) The period between the defects notice and resubmission of the corrected invoice by the Contractor.

(C) For incorrect electronic funds transfer (EFT) information, in accordance with the EFT clause of this contract.

(iii) Interest penalties will not continue to accrue after the filing of a claim for such penalties under the clause at 52.233-1, Disputes, or for more than 1 year. Interest penalties of less than \$1 need not be paid.

(iv) Interest penalties are not required on payment delays due to disagreement between the Government and the Contractor over the payment amount or other issues involving contract compliance or on amounts temporarily withheld or retained in accordance with the terms of the contract. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with the clause at 52.233-1, Disputes.

(6) Prompt payment discounts. An interest penalty also shall be paid automatically by the designated payment office, without request from the Contractor, if a discount for prompt payment is taken improperly. The

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interest penalty will be calculated as described in subparagraph (a)(5) of this clause on the amount of discount taken for the period beginning

with the first day after the end of the discount period through the date when the Contractor is paid.

(7) Additional interest penalty.

(i) A penalty amount, calculated in accordance with paragraph (a)(7)(iii) of this clause, shall be paid in addition to the interest penalty amount if the Contractor--

(A) Is owed an interest penalty of \$1 or more;

(B) Is not paid the interest penalty within 10 days after the date the invoice amount is paid; and

(C) Makes a written demand to the designated payment office for additional penalty payment, in accordance with paragraph (a)(7)(ii) of this clause, postmarked not later than 40 days after the invoice amount is paid.

(ii)(A) Contractors shall support written demands for additional penalty payments with the following data. No additional data shall be required. Contractors shall--

(1) Specifically assert that late payment interest is due under a specific invoice, and request payment of all overdue late payment interest penalty and such additional penalty as may be required;

(2) Attach a copy of the invoice on which the unpaid late payment interest was due; and

(3) State that payment of the principal has been received, including the date of receipt.

(B) Demands must be postmarked on or before the 40th day after payment was made, except that--

(1) If the postmark is illegible or nonexistent, the demand must have been received and annotated with the date of receipt by the designated payment office on or before the 40th day after payment was made; or

(2) If the postmark is illegible or nonexistent and the designated payment office fails to make the required annotation, the demand's validity will be determined by the date the Contractor has placed on the demand; provided such date is no later than the 40th day after payment was made.

(iii)(A) The additional penalty shall be equal to 100 percent of any original late payment interest penalty, except--

(1) The additional penalty shall not exceed \$5,000;

(2) The additional penalty shall never be less than \$25; and

(3) No additional penalty is owed if the amount of the underlying interest penalty is less than \$1.

(B) If the interest penalty ceases to accrue in accordance with the limits stated in paragraph (a)(5)(iii) of this clause, the amount of the additional penalty shall be calculated on the amount of interest penalty that would have accrued in the absence of these limits, subject to the overall limits on the additional penalty specified in paragraph (a)(7)(iii)(A) of this clause.

(C) For determining the maximum and minimum additional penalties, the test shall be the interest penalty due on each separate payment made for each separate contract. The maximum and minimum additional penalty shall not be based upon individual invoices unless the invoices are paid separately. Where payments are consolidated for disbursing purposes, the maximum and minimum additional penalty

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determination shall be made separately for each contract therein.

(D) The additional penalty does not apply to payments regulated by other Government regulations (e.g., payments under utility contracts subject to tariffs and regulation).

(b) Contract financing payments--

(1) Due dates for recurring financing payments. If this contract provides for contract financing, requests for payment shall be submitted to the designated billing office as specified in this contract or as directed by the Contracting Officer. Contract financing payments shall be made on the _____ day after receipt of a proper contract financing request by the designated billing office. In the event that an audit or other review of a specific financing request is required to ensure compliance with the terms and conditions of the contract, the designated payment office is not compelled to make payment by the due date specified.

(2) Due dates for other contract financing. For advance payments, loans, or other arrangements that do not involve recurring submissions of contract financing requests, payment shall be made in accordance with the corresponding contract terms or as directed by the Contracting Officer.

(3) Interest penalty not applicable. Contract financing payments shall not be assessed an interest penalty for payment delays.

(c) Fast payment procedure due dates. If this contract contains the clause at 52.213-1, Fast Payment Procedure, payments will be made within 15 days after the date of receipt of the invoice.

(End of clause)

I.94 52.232-34

PAYMENT BY ELECTRONIC FUNDS TRANSFER--OTHER THAN CENTRAL CONTRACTOR REGISTRATION (MAY 1999)

(a) Method of payment. (1) All payments by the Government under this contract shall be made by electronic funds transfer (EFT) except as provided in paragraph (a)(2) of this clause. As used in this clause, the term "EFT" refers to the funds transfer and may also include the payment information transfer.

(2) In the event the Government is unable to release one or more payments by EFT, the Contractor agrees to either--

(i) Accept payment by check or some other mutually agreeable method of payment; or

(ii) Request the Government to extend payment due dates until such time as the Government makes payment by EFT (but see paragraph (d) of this clause).

(b) Mandatory submission of Contractor's EFT information. (1) The Contractor is required to provide the Government with the information required to make payment by EFT (see paragraph (j) of this clause). The Contractor shall provide this information directly to the office designated in this contract to receive that information (hereafter: "designated office") by _____. If not otherwise specified in this contract, the payment office is the designated office for receipt of the Contractor's EFT information. If more than one designated office is named for the contract, the Contractor shall provide a separate notice to each office. In the event that the EFT information changes, the Contractor shall be responsible for providing the updated information to the designated office(s).

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(2) If the Contractor provides EFT information applicable to multiple contracts, the Contractor shall specifically state the

applicability of this EFT information in terms acceptable to the designated office. However, EFT information supplied to a designated office shall be applicable only to contracts that identify that designated office as the office to receive EFT information for that contract.

(c) Mechanisms for EFT payment. The Government may make payment by EFT through either the Automated Clearing House (ACH) network, subject to the rules of the National Automated Clearing House Association, or the Fedwire Transfer System. The rules governing Federal payments through the ACH are contained in 31 CFR part 210.

(d) Suspension of payment. (1) The Government is not required to make any payment under this contract until after receipt, by the designated office, of the correct EFT payment information from the Contractor. Until receipt of the correct EFT information, any invoice or contract financing request shall be deemed not to be a proper invoice for the purpose of prompt payment under this contract. The prompt payment terms of the contract regarding notice of an improper invoice and delays in accrual of interest penalties apply.

(2) If the EFT information changes after submission of correct EFT information, the Government shall begin using the changed EFT information no later than 30 days after its receipt by the designated office to the extent payment is made by EFT. However, the Contractor may request that no further payments be made until the updated EFT information is implemented by the payment office. If such suspension would result in a late payment under the prompt payment terms of this contract, the Contractor's request for suspension shall extend the due date for payment by the number of days of the suspension.

(e) Liability for uncompleted or erroneous transfers. (1) If an uncompleted or erroneous transfer occurs because the Government used the Contractor's EFT information incorrectly, the Government remains responsible for--

- (i) Making a correct payment;
- (ii) Paying any prompt payment penalty due; and
- (iii) Recovering any erroneously directed funds.

(2) If an uncompleted or erroneous transfer occurs because the Contractor's EFT information was incorrect, or was revised within 30 days of Government release of the EFT payment transaction instruction to the Federal Reserve System, and--

- (i) If the funds are no longer under the control of the payment office, the Government is deemed to have made payment and the Contractor is responsible for recovery of any erroneously directed funds; or
- (ii) If the funds remain under the control of the payment office, the Government shall not make payment and the provisions of paragraph (d) shall apply.

(f) EFT and prompt payment. A payment shall be deemed to have been made in a timely manner in accordance with the prompt payment terms of this contract if, in the EFT payment transaction instruction released to the Federal Reserve System, the date specified for settlement of the payment is on or before the prompt payment due date, provided the specified payment date is a valid

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date under the rules of the Federal Reserve System.

(g) EFT and assignment of claims. If the Contractor assigns the

proceeds of this contract as provided for in the assignment of claims terms of this contract, the Contractor shall require as a condition of any such assignment, that the assignee shall provide the EFT information required by paragraph (j) of this clause to the designated office, and shall be paid by EFT in accordance with the terms of this clause. In all respects, the requirements of this clause shall apply to the assignee as if it were the Contractor. EFT information that shows the ultimate recipient of the transfer to be other than the Contractor, in the absence of a proper assignment of claims acceptable to the Government, is incorrect EFT information within the meaning of paragraph (d) of this clause.

(h) Liability for change of EFT information by financial agent. The Government is not liable for errors resulting from changes to EFT information provided by the Contractor's financial agent.

(i) Payment information. The payment or disbursing office shall forward to the Contractor available payment information that is suitable for transmission as of the date of release of the EFT instruction to the Federal Reserve System. The Government may request the Contractor to designate a desired format and method(s) for delivery of payment information from a list of formats and methods the payment office is capable of executing. However, the Government does not guarantee that any particular format or method of delivery is available at any particular payment office and retains the latitude to use the format and delivery method most convenient to the Government. If the Government makes payment by check in accordance with paragraph (a) of this clause, the Government shall mail the payment information to the remittance address in the contract.

(j) EFT information. The Contractor shall provide the following information to the designated office. The Contractor may supply this data for this or multiple contracts (see paragraph (b) of this clause). The Contractor shall designate a single financial agent per contract capable of receiving and processing the EFT information using the EFT methods described in paragraph (c) of this clause.

(1) The contract number (or other procurement identification number).

(2) The Contractor's name and remittance address, as stated in the contract(s).

(3) The signature (manual or electronic, as appropriate), title, and telephone number of the Contractor official authorized to provide this information.

(4) The name, address, and 9-digit Routing Transit Number of the Contractor's financial agent.

(5) The Contractor's account number and the type of account (checking, saving, or lockbox).

(6) If applicable, the Fedwire Transfer System telegraphic abbreviation of the Contractor's financial agent.

(7) If applicable, the Contractor shall also provide the name, address, telegraphic abbreviation, and 9-digit Routing Transit Number of the correspondent financial institution receiving the wire transfer payment if the Contractor's financial agent is not directly on-line to the Fedwire Transfer System; and, therefore, not the receiver of the wire transfer payment.

(End of clause)

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In the event the Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, the Contractor agrees to furnish, by certified mail or electronic commerce method authorized by the contract, written notification of the bankruptcy to the Contracting Officer responsible for administering the contract. This notification shall be furnished within five days of the initiation of the proceedings relating to bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of Government contract numbers and contracting offices for all Government contracts against which final payment has not been made. This obligation remains in effect until final payment under this contract.

(End of clause)

END OF SECTION I

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SECTION J
LIST OF ATTACHMENTS

SECTION J - LIST OF ATTACHMENTS

J-1 CONTRACT ATTACHMENTS

- Attachment (1) - Definitions/Abbreviations
- Attachment (2) - Clearance Order/Shipping Order (JTMO Form 4612-1)
- Attachment (3) - Performance Requirements Summary
- Attachment (4) - Standard Billing Instructions
- Attachment (5) - Cargo Tonnage Projection
- Attachment (6) - Schedule of Liquidated Damages
- Attachment (7) - Vehicle Processing Centers - **PROVIDED UPON REQUEST**

END OF SECTION J

